Exhibit 99.2

CURALEAF HOLDINGS, INC.

Condensed Interim Consolidated Financial Statements (Unaudited)

As of June 30, 2024 and December 31, 2023
and
For the Three and Six Months Ended June 30, 2024 and 2023

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

		As of	
	Note	**June 30, 2024**	**December 31, 2023**
Assets		*Unaudited*	*Audited*
Current assets:			
Cash, cash equivalents and restricted cash	*3*	$ 89,394	$ 91,818
Accounts receivable, net of allowance for credit losses of $6,760 and $6,717, respectively	*7,27*	68,383	55,660
Inventories, net	*8*	228,607	215,913
Assets held for sale	*5,6*	9,108	17,795
Prepaid expenses and other current assets		30,419	30,397
Notes receivable - current	*9*	823	7,020
Total current assets		426,734	418,603
Deferred tax asset		1,221	419
Note receivable - net of current	*9*	2,200	—
Property, plant and equipment, net	*10*	587,746	571,627
Right-of-use assets, finance lease, net	*11*	134,433	143,203
Right-of-use assets, operating lease, net	*11*	117,994	118,435
Intangible assets, net	*12*	1,143,988	1,172,445
Goodwill	*12*	630,950	626,628
Income tax receivable		23,754	30,168
Investments and other assets	*13*	13,932	15,048
Total assets		$ 3,082,952	$ 3,096,576

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

		As of	
	Note	**June 30, 2024**	**December 31, 2023**
Liabilities, Temporary equity and Shareholders' equity		*Unaudited*	*Audited*
Current liabilities:			
Accounts payable	*27*	$ 101,888	$ 79,319
Accrued expenses	*14,27*	107,742	101,311
Income tax payable		6,236	198,056
Lease liabilities, finance - current	*11*	10,155	9,428
Lease liabilities, operating - current	*11*	16,856	15,993
Notes payable - current	*15,26*	102,948	39,478
Contingent consideration liability - current	*4,27*	9,666	11,901
Deferred consideration liability - current	*4,27*	25,409	22,342
Financial obligations - current	*11*	6,459	5,777
Liabilities held for sale	*5,6*	3,000	9,173
Other current liabilities	*27*	2,149	1,256
Total current liabilities		392,508	494,034
Deferred tax liability		285,593	297,185
Notes payable - net of current	*15,26*	460,318	548,289
Lease liabilities, finance - net of current	*11*	154,694	159,961
Lease liabilities, operating - net of current	*11*	109,850	110,398
Uncertain tax position	*27*	339,819	79,142
Contingent consideration liability - net of current	*4,27*	3,504	4,724
Deferred consideration liability - net of current	*4*	22,929	21,310
Financial obligations - net of current	*11*	205,468	208,895
Other long-term liability	*27*	1,095	1,346
Total liabilities		1,975,778	1,925,284
Commitment and contingencies	*25*		
Temporary equity:			
Redeemable non-controlling interest contingency	*17*	114,331	120,650
Shareholders' equity:			
Additional paid-in capital	*16*	2,246,994	2,204,318
Treasury shares	*16*	(1,050)	(1,050)
Accumulated other comprehensive loss		(15,153)	(11,875)
Accumulated deficit		(1,237,948)	(1,140,751)
Total shareholders' equity		992,843	1,050,642
Total liabilities, temporary equity and shareholders' equity		$ 3,082,952	$ 3,096,576

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

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

		Three months ended June 30,		Six months ended June 30,	
	Note	**2024**	**2023**	**2024**	**2023**
Revenues, net:	*22*				
Retail and wholesale revenues		$ 340,838	$ 334,040	$ 678,415	$ 665,304
Management fee income		1,448	1,511	2,803	2,887
Total revenues, net		342,286	335,551	681,218	668,191
Cost of goods sold		181,821	187,788	359,849	359,986
Gross profit		160,465	147,763	321,369	308,205
Operating expenses:					
Selling, general and administrative	*19*	109,507	108,713	213,899	219,195
Share-based compensation	*18*	6,843	6,248	14,352	7,956
Depreciation and amortization	*10,11,12*	36,568	37,079	72,869	67,352
Total operating expenses		152,918	152,040	301,120	294,503
Income (loss) from operations		7,547	(4,277)	20,249	13,702
Other income (expense):					
Interest income		310	—	327	23
Interest expense	*15*	(14,792)	(17,055)	(30,155)	(27,050)
Interest expense related to lease liabilities and financial obligations	*11*	(10,328)	(10,660)	(20,744)	(21,327)
(Loss) gain on impairment	*10,11,12*	(1,774)	—	2,185	—
Other income (expense), net	*21*	1,875	7,355	(511)	6,866
Total other expense, net		(24,709)	(20,360)	(48,898)	(41,488)
Loss before provision for income taxes		(17,162)	(24,637)	(28,649)	(27,786)
Provision for income taxes		(31,391)	(41,951)	(71,480)	(82,683)
Net loss from continuing operations		(48,553)	(66,588)	(100,129)	(110,469)
Net loss from discontinued operations	*6*	(1,277)	(7,904)	(710)	(20,492)
Net loss		(49,830)	(74,492)	(100,839)	(130,961)
Less: Net loss attributable to non-controlling interest	*2,17*	(945)	(3,250)	(3,642)	(5,339)
Net loss attributable to Curaleaf Holdings, Inc.		$ (48,885)	$ (71,242)	$ (97,197)	$ (125,622)
Per share – basic and diluted:	*23*				
Net loss per share from continuing operations, net of loss per share attributable to non-controlling interest		$ (0.06)	$ (0.09)	$ (0.13)	$ (0.15)
Net loss per share from discontinued operations, net of loss per share attributable to non-controlling interest		—	(0.01)	—	(0.03)
Net loss per share attributable to Curaleaf Holdings, Inc. – basic and diluted		$ (0.06)	$ (0.10)	$ (0.13)	$ (0.18)
Weighted average common shares outstanding – basic and diluted		740,787,287	719,269,057	738,467,477	719,023,326

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

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

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Net loss from continuing operations	$ (48,553)	$ (66,588)	$ (100,129)	$ (110,469)
Foreign currency translation (loss) gain	(453)	2,894	(5,955)	8,089
Total comprehensive loss from continuing operations	(49,006)	(63,694)	(106,084)	(102,380)
Total comprehensive loss from discontinued operations, net of tax	(1,277)	(7,904)	(710)	(20,492)
Total comprehensive loss	(50,283)	(71,598)	(106,794)	(122,872)
Less: Comprehensive loss attributable to non-controlling interest	(2,014)	(1,593)	(6,319)	(1,983)
Comprehensive loss attributable to Curaleaf Holdings, Inc.	$ (48,269)	$ (70,005)	$ (100,475)	$ (120,889)

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

Curaleaf Holdings, Inc.
Condensed Interim Consolidated Statements of Temporary Equity and Shareholders' Equity (Unaudited)
(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, 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	*4*	—	6,484,552	—	14,086	—	—	—	14,086
Contribution from non-controlling interest	*2,17*	4,166	—	—	—	—	—	—	—
Foreign currency translation gain		3,356	—	—	—	—	4,733	—	4,733
Exercise and forfeiture of stock options	*18*	—	1,230,905	—	24	—	—	—	24
Share-based compensation	*18*	—	—	—	7,956	—	—	—	7,956
Net loss		(5,339)	—	—	—	—	—	(125,622)	(125,622)
Balances as of June 30, 2023		$ 123,296	631,235,582	93,970,705	$ 2,185,127	$ (5,208)	$ (13,861)	$ (985,176)	$ 1,180,882
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
Issuance of shares in connection with acquisitions	*4*	—	3,415,913	—	16,718	—	—	—	16,718
Acquisition related contingent equity consideration	*4*	—	2,367,000	—	11,480	—	—	—	11,480
Acquisition escrow shares returned and retired		—	(5,503)	—	(30)	—	—	—	(30)
Foreign currency translation loss		(2,677)	—	—	—	—	(3,278)	—	(3,278)
Exercise of stock options	*18*	—	75,391	—	156	—	—	—	156
Issuance of SVS for settlement of RSUs	*18*	—	2,421,192	—	—	—	—	—	—
Issuance of SVS for settlement of PSUs	*18*	—	325,248	—	—	—	—	—	—
Share-based compensation	*18*	—	—	—	14,352	—	—	—	14,352
Net loss		(3,642)	—	—	—	—	—	(97,197)	(97,197)
Balances as of June 30, 2024		$ 114,331	648,356,339	93,970,705	$ 2,246,994	$ (1,050)	$ (15,153)	$ (1,237,948)	$ 992,843

*as defined herein

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

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

	Six months ended June 30,	
	2024	**2023**
Cash flows from operating activities:		
Net loss from continuing operations	$ (100,129)	$ (110,469)
Adjustments to reconcile net loss to net cash provided by operating activities from continuing operations:		
Depreciation and amortization	103,730	97,215
Share-based compensation	14,352	7,956
Non-cash interest expense	7,919	10,752
Amortization of operating lease right-of-use assets	9,791	7,701
Gain on impairment	(2,185)	—
Gain on modification and extinguishment of debt	(245)	(3,300)
(Gain) loss on disposal of assets	(1,328)	2,312
Loss (gain) on investment	1,176	(5,602)
Non-cash adjustments to inventory	(5,646)	6,359
Allowance for credit losses	254	1,645
Deferred taxes	(15,793)	(8,815)
Other non-cash (income) expenses	(413)	2,279
Changes in assets and liabilities:		
Accounts receivable, net	(11,073)	(4,533)
Inventories, net	(3,316)	(6,459)
Prepaid expenses and other current assets	1,073	(10,291)
Income tax receivable	6,414	(1,032)
Assets held for sale, net of Liabilities held for sale	(133)	—
Investments and other assets	(92)	2,160
Accounts payable	16,790	(1,555)
Accrued expenses and other current liabilities	253,588	8,018
Income tax payable	(191,815)	59,713
Lease liabilities, operating	(6,605)	(14,180)
Net cash provided by operating activities from continuing operations	76,314	39,874
Net cash used in operating activities from discontinued operations	(3,167)	(25,132)
Net cash provided by operating activities	73,147	14,742
Cash flows from investing activities:		
Purchases of property, plant and equipment	(37,765)	(34,017)
Disposals of property, plant and equipment	1,745	—
Proceeds from sale of entities	3,737	—
Purchases of intangibles	(5,253)	—
Purchase of investments	(213)	—
Acquisition related cash payments, net of cash acquired	(4,698)	(707)
Payments received on notes receivable	81	—
Issuance of notes receivable to third party	(100)	(4,286)
Net cash used in investing activities from continuing operations	(42,466)	(39,010)
Net cash provided by investing activities from discontinued operations	2,345	1,066
Net cash used in investing activities	(40,121)	(37,944)
Cash flows from financing activities:		
Proceeds from debt financing	5,100	—
Debt issuance costs	(456)	—
Principal payments on finance lease liabilities	(4,517)	(3,736)
Principal payments on notes payable	(32,751)	(46,934)

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

	Six months ended June 30,	
	2024	2023
Principal payments on financial obligations	(2,745)	(2,060)
Exercise of stock options	156	24
Payments of contingent consideration	—	(2,358)
Net cash used in financing activities from continuing operations	(35,213)	(55,064)
Net cash used in financing activities from discontinued operations	(91)	(6)
Net cash used in financing activities	(35,304)	(55,070)
Net decrease in cash, cash equivalents and restricted cash	(2,278)	(78,272)
Cash, cash equivalents and restricted cash, beginning of period	91,818	163,177
Effect of exchange rate on cash, cash equivalents and restricted cash	(146)	112
Cash, cash equivalents and restricted cash, end of period	$ 89,394	$ 85,017
Non-cash investing & financing activities:		
Purchases of property, plant and equipment included in accounts payable and accrued expenses	$ 8,141	$ 2,262
Issuance of notes in connection with sale of entities	2,300	—
Issuance of shares in connection with acquisitions	(28,198)	112
Contingent consideration incurred in connection with acquisitions	6,352	—
Deferred consideration incurred in connection with acquisitions	1,219	—
Forgiveness of promissory note in connection with acquisition	(7,672)	—
Non-cash additions to finance and operating right-of-use assets	4,529	155
Recategorization of net assets from held-for-sale to held-and-used	—	2,272
Supplemental disclosure of cash flow information:		
Cash paid for taxes	$ 14,068	$ 37,336
Cash paid for interest	48,457	21,624

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 Condensed Interim Consolidated Financial Statements (Unaudited) are as of June 30, 2024 and December 31, 2023 and for the three and six months ended June 30, 2024 and 2023 (together, the "Consolidated Financial Statements") and the accompanying Notes (together, the "Notes to the Consolidated Financial Statements") is given as at June 30, 2024, and references to the "**Company**", "**Curaleaf**" or "**Group**" refer to Curaleaf Holdings, Inc. (the "Company"), its wholly-owned and majority-owned subsidiaries as well as certain 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, including hemp-derived THC products, 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 cannabis business with licensed cultivation in Portugal and Canada, four pharma grade cannabis processing and manufacturing facilities in Germany, Spain, Canada and the United Kingdom ("U.K.") and licensed distribution of cannabis in Germany, Poland, Canada, Switzerland and the U.K. In the U.K., the Company also holds a pharmacy license and operates medical cannabis clinics in England and Scotland, enabling the retail supply of medical cannabis directly to the patient. Finally, the Company supplies cannabis on a wholesale basis to Australia, New Zealand, U.K. and across Europe, including Germany, Italy and Poland.

Prior to December 14, 2023, 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") and the Company's SVS were delisted from the CSE at the close of markets on December 13, 2023.

The principal business address of the Company is located at 290 Harbor Drive, Stamford, Connecticut 06902. 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 Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the U.S. as issued by the Financial Accounting Standards Board. The significant accounting policies described in *Note 3 — Significant accounting policies* have been applied consistently to all periods presented.

The Consolidated Financial Statements should be read in conjunction with the audited consolidated financial statements for Curaleaf Holdings, Inc. as of and for the years ended December 31, 2023 and 2022 (the "Annual Financial Statements") and the notes thereto included in the Annual Financial Statements. Copies of the Annual Financial Statements are available under the Company's profiles on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov/edgar.

In the opinion of management, the financial data presented includes all adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. Certain previously reported amounts have been reclassified between line items to conform to the current period presentation. Results of interim periods should not be considered indicative of the results for the full year. The Consolidated Financial Statements include estimates and assumptions of management that affect the amounts reported in the Consolidated Financial Statements. Actual results could differ from these estimates.

Functional and presentation currency

The Consolidated Financial Statements are presented in U.S. dollar ("USD"), which is the reporting currency of the Company, unless otherwise noted. 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, Euro, Swiss Franc, Polish Zloty and Canadian Dollar. 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 Shareholders' equity on the Condensed Interim Consolidated Balance Sheets (Unaudited). Transactional exchange gains and losses are included in Other income (expense), net on the Condensed Interim Consolidated Statements of Operations (Unaudited).

Basis of measurement

The Consolidated Financial Statements have been prepared on a 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 and majority-owned subsidiaries as well as certain legal entities in which it, directly or indirectly, holds a controlling financial interest, through management service agreements or other financing arrangements. For further details of the entities included in the Consolidated Financial Statements, refer to *Note 2 — Basis of presentation and consolidation* of the Annual Financial Statements.

All intercompany balances and transactions have been eliminated in consolidation. See *Note 3 — Significant accounting policies.*

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 reorganized (the "Reorganization") its U.S. operations in order to meet listing conditions imposed by TSX. 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 profiles on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov/edgar.

The terms and conditions set forth in the Protection Agreement and the Shareholders' Agreement entered into in connection with the Reorganization collectively resulted in the Company retaining a controlling financial interest in Curaleaf, Inc. As a result, the Company's Consolidated Financial Statements continue to include all the accounts of Curaleaf, Inc. and its wholly-owned and majority-owned subsidiaries as well as certain legal entities in which it, directly or indirectly, holds a controlling financial interest. For further detail, see *Note 28 — Variable interest entities* of the Consolidated Financial Statements and *Note 2 — Basis of presentation and consolidation* of the Annual Financial Statements.

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 gain or loss triggered by any difference between the carrying value and fair value of the retained interest is included in Other income (expense), net on the Condensed Interim Consolidated Statements of Operations (Unaudited).

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 Commitment and contingencies and Shareholders' equity on the Condensed Interim Consolidated Balance Sheets (Unaudited). Redeemable non-controlling interests are recorded at the greater of the carrying value, which is adjusted for the non-controlling interests' share of net income or loss generated over the reporting period, and the 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 (the "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 June 30, 2024 and December 31, 2023, the Company had a restricted cash balance of $12.1 million and $8.6 million, respectively, 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").

Accounts receivable, net

The Company maintains an allowance for expected credit losses to reflect the expected uncollectability of accounts 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. See *Note 7 — Accounts receivable, net* for further detail.

Notes receivable

Notes receivables are recognized and measured at amortized cost, representing the initial carrying amount adjusted for any subsequent amortization of principal and reduced by any impairment losses. Non-mortgage loans held for sale undergo regular evaluation for impairment, with the lower of the amortized cost basis or fair value determined on an individual asset basis. Interest income on loan receivables is recognized using the effective interest rate method, allocating interest income over the relevant period based on the carrying amount of the asset and the effective interest rate. See *Note 9 — Notes receivable* for further detail.

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. 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 Condensed Interim Consolidated Statements of Operations (Unaudited) at the time the inventoried product is sold. The Company reviews its inventories for obsolete, redundant and slow-moving items, and any such inventories are written down to NRV, which is recorded within Cost of goods sold on the Condensed Interim Consolidated Statements of Operations (Unaudited). See *Note 8 — Inventories, net* for further detail.

(in thousands, except for gram, share and per share amounts)

Property, plant and equipment, net

Property, plant and equipment 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:

Asset class	Estimated useful life
Information technology	3 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, is reclassified to one of the four asset classes 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 categorizes leasehold improvements within Building and improvements.

Property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from their 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 Condensed Interim Consolidated Statements of Operations (Unaudited). See *Note 10 — Property, plant and equipment, net* for further detail.

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. See *Note 12 — Intangible assets, net and Goodwill* for further detail.

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 Condensed Interim Consolidated Statements of Operations (Unaudited), 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 Condensed Interim Consolidated Statements of Operations (Unaudited). 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 Condensed Interim Consolidated Statements of Operations (Unaudited).

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 obligations - current and Financial obligations - net of current on the Condensed Interim Consolidated Balance Sheets (Unaudited). 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 Condensed Interim Consolidated Statements of Operations (Unaudited).

For further details, see *Note 11 — Leases.*

Impairment of long-lived assets

The Company evaluates the recoverability of its long-lived assets, including property, plant and equipment, ROU assets, definite lived intangible assets and equity investments, 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) gain on impairment on the Condensed Interim Consolidated Statements of Operations (Unaudited), 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. See *Note 12 — Intangible assets, net and Goodwill* for further detail.

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) gain on impairment on the Condensed Interim Consolidated Statements of Operations (Unaudited), during the period in which the impairment is identified.

Change in reporting units

During the fourth quarter of 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 and within Accrued expenses on the Condensed Interim Consolidated Balance Sheets (Unaudited). Losses related to contingencies are typically recognized within Other income (expense), net on the Condensed Interim Consolidated Statements of Operations (Unaudited).

The Company recognizes legal costs for contingencies in the period in which the costs are incurred within Selling, general and administrative on the Condensed Interim Consolidated Statements of Operations (Unaudited). See *Note 25 — Commitments and contingencies* for further detail.

Income taxes

The Company's Provision for income taxes is comprised of current and deferred taxes and is recognized on the Condensed Interim Consolidated Statements of Operations (Unaudited), except to the extent that the income tax expense relates to a business combination, items recognized directly within Shareholders' equity on the Condensed Interim Consolidated Balance Sheets (Unaudited) or items recognized directly within Total other expense, net on the Condensed Interim Consolidated Statements of Operations (Unaudited). 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 the right of offset exists.

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 carryforwards.

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

As of June 30, 2024, the Company has adopted a new federal and state income tax position, asserting that the restrictions of Section 280E of the Internal Revenue Code ("Section 280E") do not apply to the Company's cannabis operations. In addition, the Company intends to file amended federal and state income tax returns with refund claims for several of the Company's business entities for the year 2022. The decision to adopt this position is supported by legal interpretations that challenge the Company's tax liability as determined pursuant to Section 280E. If the Company's interpretation is upheld, the Company's financial position could be significantly enhanced by the ability to deduct additional ordinary and necessary business expenses that are non-deductible under Section 280E.

While the Company believes its position is supported by sound legal reasoning, the cannabis industry remains in a complex regulatory environment. The U.S. federal illegality of cannabis poses unique challenges and uncertainties, including the potential for differing interpretations and enforcement actions. The Company is prepared to vigorously defend its tax position if challenged and will continue to monitor legal developments in this matter closely; however, the Company cannot be certain that it will prevail on this issue with the IRS. As a precautionary measure, if the Company were not to prevail on this issue with the IRS, it has set aside reserves to mitigate the potential financial impact of such a determination, which is recognized within the Company's Uncertain tax position liability on the Condensed Interim Consolidated Balance Sheets (Unaudited). The $260.7 million increase in the Company's Uncertain tax position liability from $79.1 million as of December 31, 2023 to $339.8 million as of June 30, 2024 was offset by a corresponding reduction in the Company's Income tax payable. The Company believes it is reasonably possible that its Uncertain tax position liability will continue to increase over the next 12 months, while its new federal and state income tax position is in dispute with the IRS.

For further details, see "*The Company is likely to be audited by the IRS and the IRS is likely to challenge the non-application of Section 280E to the Company's U.S. marijuana operations"* within the Risk Factors section of the accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and six months ended June 30, 2024 and 2023.

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 other hemp-derived products. 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 fulfill cannabis prescriptions directly to the patient through its online pharmacy. The Company also supplies cannabis on a wholesale basis to pharmacies and other distributors based in Australia, New Zealand, Canada and across Europe, including Germany, Italy and Poland. 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. 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 upon purchase are recognized as a reduction of revenue at the time of sale. Loyalty points earned are recognized within Accrued expenses on the Condensed Interim Consolidated Balance Sheets (Unaudited), until redeemed, expired or forfeited. As of June 30, 2024 and December 31, 2023, the Company's Accrued loyalty payable totaled $5.9 million and $5.3 million, respectively. Promotional discounts and rewards offered to customers within the loyalty reward program are recognized within Sales and marketing, which is a component of Selling, general and administrative expense on the Condensed Interim Consolidated Statements of Operations (Unaudited).

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 logistics service fees and 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.

See *Note 22 — Revenue disaggregation* for further detail.

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 Condensed Interim Consolidated Statements of Operations (Unaudited), with a corresponding increase to Shareholders' equity on the Condensed Interim Consolidated Balance Sheets (Unaudited). 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. See *Note 18 — Share-based compensation* for further detail.

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. See *Note 23 — Earnings per share* for further detail.

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. See *Note 26 — Related party transactions* for further detail.

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 (expense), net on the Condensed Interim Consolidated Statements of Operations (Unaudited). 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 Company's consolidated financial statements from the date of acquisition.

Asset acquisitions

In accordance with ASC 805, 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.

See *Note 4 — Acquisitions* for further detail.

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. See *Note 27 — Fair value measurements and financial risk management* for further detail.

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 2 — Basis of presentation and consolidation* and *Note 28 — 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 - Stock options

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 18 — 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.

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 accounting pronouncements

The Company has implemented all applicable accounting standards recently issued by the Financial Accounting Standards Board ("FASB"), as well as applicable pronouncements from certain other standard-setting bodies, within the prescribed effective dates. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

Recently Issued Accounting Standards

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.

Global Minimum Tax Rules - Pillar Two

Numerous foreign jurisdictions have enacted or are in the process of enacting legislation to adopt a minimum effective tax rate described in the Global Anti-Base Erosion, or Pillar Two, model rules issued by the Organization for Economic Co-operation and Development ("OECD"). Under such rules, a minimum effective tax rate of 15% would apply to multinational companies with consolidated revenue above €750 million.

The Company is currently evaluating the potential impact of the Pillar Two global minimum tax proposals on its consolidated financial statements upon enactment.

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.

2024 Acquisitions

Northern Green Canada, Inc.

On April 19, 2024, the Company completed the acquisition of all issued and outstanding shares of Northern Green Canada, Inc. ("NGC") for total consideration of approximately $23.8 million, paid in cash and equity consideration. NGC is a vertically integrated Canadian licensed cannabis producer and distributor focused primarily on expanding in the international market through its EU-GMP certified product offering. The acquisition of NGC will equip the Company with a secure and consistent supply of high quality, non-irradiated indoor EU-GMP flower supply, which the Company considers essential to maintaining a leading position in Germany, the U.K. and Poland as well as supporting expansion into new international markets.

(in thousands, except for gram, share and per share amounts)

The Company accounted for its acquisition of NGC as a business combination.

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

Cash	$	146
Accounts receivable, net		2,487
Prepaid expenses and other current assets		398
Inventories, net		2,746
Property, plant and equipment, net		11,512
Right-of-use assets		2,842
Licenses		15,387
Trade name		201
Goodwill		5,207
Deferred tax liabilities		(4,131)
Liabilities assumed		(13,022)
Net assets acquired	$	23,773
Consideration paid in cash, net of working capital adjustments	$	2,368
Equity consideration		15,053
Contingent consideration classified as a liability		6,352
Total consideration	$	23,773
Cash outflow, net of cash acquired	$	2,222

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 acquisition remains subject to measurement period 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, 2024. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2024, or of the future consolidated operating results. For the NGC acquisition, total unaudited pro forma revenue and net income for the six months ended June 30, 2024 was $9.9 million and $0.1 million, respectively.

Revenue and net income from the acquisition included in the Condensed Interim Consolidated Statements of Operations (Unaudited) for the quarter ended June 30, 2024, was $5.7 million and $1.3 million, respectively.

Can4Med S.A.

On February 2, 2024, the Company completed the acquisition of all issued and outstanding shares of Can4Med S.A. ("Can4Med") for total consideration of €1.5 million, which consisted of equal parts cash consideration and equity consideration. Additionally, the transaction included deferred consideration based on Can4Med's future performance. Can4Med 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 increased the Company's international footprint.

(in thousands, except for gram, share and per share amounts)

The Company accounted for its acquisition of Can4Med as a business combination.

The following table presents the fair value of the assets acquired and liabilities assumed in the acquisition of Can4Med as of the acquisition date and an allocation of the consideration to net assets acquired:

Cash	$	48
Accounts receivable, net		414
Prepaid expenses and other current assets		2
Inventories, net		661
Property, plant and equipment, net		14
Licenses		2,063
Trade name		97
Non-compete agreements		32
Goodwill		931
Deferred tax liabilities		(548)
Liabilities assumed		(891)
Net assets acquired	$	2,823
Consideration paid in cash, net of working capital adjustments	$	832
Equity consideration		773
Deferred consideration classified as a liability		1,218
Total consideration	$	2,823
Cash outflow, net of cash acquired	$	784

The fair value of the consideration, paid through the issuance of SVS, was based on a third-party valuation that took into account the time value of money. The acquisition remains subject to measurement period 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, 2024. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2024, or of the future consolidated operating results. For the Can4Med acquisition, total unaudited pro forma revenue and net income for the six months ended June 30, 2024 was $2.0 million and $0.4 million, respectively.

Revenue and net income from the acquisition included in the Condensed Interim Consolidated Statements of Operations (Unaudited) for the three and six months ended June 30, 2024, was $1.7 million and $0.3 million, respectively.

Dark Heart

On January 17, 2024, Curaleaf DH, Inc., a subsidiary of the Company, acquired Half Moon Nursery, Inc. and all assets of Dark Heart Nursery from Grace & Co. via forgiveness of a $7.0 million promissory note, plus interest and cash consideration of $1.7 million. The acquisition 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 Company accounted for its acquisition of Dark Heart as an asset acquisition.

(in thousands, except for gram, share and per share amounts)

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.

Contingent consideration

Contingent consideration recorded relates to the Company's business combinations and asset acquisitions. As discussed in *Note 3 — Significant accounting policies*, contingent consideration payable is subject to significant judgment and estimates, such as projected future revenue. Refer to *Note 27 — Fair value measurements and financial risk management* for further discussion surrounding the inputs utilized in the fair value of contingent consideration.

(in thousands, except for gram, share and per share amounts)

The changes in the contingent consideration liability as of June 30, 2024 and December 31, 2023 are as follows:

	HMS	EMMAC	Sapphire	Four20	Tryke	NGC	Total
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
Contingent consideration recognized on acquisition	—	—	—	—	—	6,352	6,352
Issuance of shares as settlement of contingent consideration	—	—	—	—	(9,299)	—	(9,299)
Revaluation of contingent consideration	—	(1,182)	—	791	—	—	(391)
Difference in exchange	—	(38)	—	(79)	—	—	(117)
Carrying amount, June 30, 2024	—	3,504	—	3,314	—	6,352	13,170
Less: Contingent consideration liability - current	—	—	—	(3,314)	—	(6,352)	(9,666)
Contingent consideration liability - net of current	$ —	$ 3,504	$ —	$ —	$ —	$ —	$ 3,504

Deferred consideration

The changes in the deferred consideration liability as of June 30, 2024 and December 31, 2023 are as follows:

	Deseret	Tryke	NRPC	Can4Med	Total
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
Deferred consideration recognized on acquisition	—	—	—	1,218	1,218
Interest expense on deferred consideration	—	3,386	—	93	3,479
Reversal of interest expense on deferred consideration	—	(11)	—	—	(11)
Carrying amount, June 30, 2024	—	45,027	2,000	1,311	48,338
Less: Deferred consideration liability - current	—	24,098	—	1,311	25,409
Deferred consideration liability - net of current	$ —	$ 20,929	$ 2,000	$ —	$ 22,929

(in thousands, except for gram, share and per share amounts)

Note 5 — Assets and liabilities held for sale

The changes in assets and liabilities held for sale are as follows from December 31, 2023 to June 30, 2024 and from December 31, 2022 to December 31, 2023:

Assets held for sale	Discontinued Operations	Held for Sale Entities	Total
Balance at December 31, 2022	$ 75,177	$ 105,275	$ 180,452
Transferred in/(out)	(61,961)	(100,696)	(162,657)
Balance at December 31, 2023	13,216	4,579	17,795
Transferred in/(out)	(4,771)	(3,916)	(8,687)
Balance at June 30, 2024	$ 8,445	$ 663	$ 9,108

Liabilities associated with assets held for sale	Discontinued Operations	Held for Sale Entities	Total
Balance at December 31, 2022	$ 19,214	$ 17,315	$ 36,529
Transferred in/(out)	(10,927)	(16,429)	(27,356)
Balance at December 31, 2023	8,287	886	9,173
Transferred in/(out)	(5,912)	(261)	(6,173)
Balance at June 30, 2024	$ 2,375	$ 625	$ 3,000

The following table summarizes the major classes of assets and liabilities classified as held for sale (excluding discontinued operations) as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Assets		
Inventories, net	$ —	$ 509
Total current assets	—	509
Property, plant and equipment, net	663	4,002
Right-of-use assets, finance lease, net	—	68
Total non-current assets	663	4,070
Total assets	$ 663	$ 4,579
Liabilities		
Lease liability, finance lease	$ —	$ 84
Lease liability, operating lease	400	368
Total current liabilities	400	452
Lease liability, operating lease	225	434
Total non-current liabilities	225	434
Total liabilities	$ 625	$ 886

Former Grassroots Entities

<u>*Grassroots: Illinois Assets*</u>

In the quarter ended June 2023, the Company terminated the marketing of the Company's Illinois assets (the "Illinois Assets") and reclassified these assets from held for sale to held and used, as a result of the breach of contract, effective February 25, 2022, by Parallel Illinois, LLC ("Parallel"), with whom the Company had signed definitive agreements on April 1, 2021 to sell the Illinois Assets. In September 2023, the Company and Parallel entered into a Confidential Settlement Agreement to settle the dispute in full (the "Parallel Settlement Agreement"). Under the Parallel Settlement

Agreement, the Company received $0.5 million and Parallel formally released its claims against the Plaintiffs, including with respect to any claim for return of the $10 million deposit paid by Parallel to the Company at the time the definitive agreements were signed. For further details, see *Note 5 — Assets and liabilities held for sale* of the Audited Financial Statements.

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 ending September 30, 2024.

North Shore Assets

On January 5, 2024, the Company signed a definitive purchase agreement to sell the Company's rights and interests to certain assets of Curaleaf North Shore, Inc. f/k/a Alternative Therapies Group, Inc. to MassGrow, LLC for cash consideration of $2.8 million. Upon execution of the agreement, the Company received cash consideration of $1.5 million and remaining consideration will be paid in October 2024. The sale, which remains contingent on regulatory approval, is expected to be completed in the quarter ending December 31, 2024, subject to certain extensions.

Acres Assets

On February 23, 2024, the Company signed a real estate purchase agreement to sell the property and equipment of Acres Cultivation LLC and Acres Dispensary LLC for total consideration of $3.2 million, which consists of cash consideration of $1.0 million and the issuance of a secured note with a principal amount of $2.2 million. The secured note earns interest at 8% per annum and matures February 2027. In connection with the real estate purchase agreement, the Company signed a membership interest purchase agreement for $0.2 million, which remains subject to regulatory approval and is expected to be completed by the quarter ending March 31, 2025. The Company recorded a gain on sale of $0.4 million for the six months ended June 30, 2024.

Sale of Rokshaw Limited's noncannabis operation

On April 29, 2024, the Company closed on the sale of Rokshaw Limited's noncannabis operation to Thistle Pharma Limited. The total proceeds received in the sale included cash consideration of £3.3 million consisting of £0.5 million paid upon signing of the definitive agreement, £1.8 million paid at the date of close and £0.5 million payable on the first and second anniversary of the closing date. The Company recorded a gain on sale of £1.8 million for the six months ended June 30, 2024.

Note 6 — Discontinued operations

On January 26, 2023, the Company announced a plan to discontinue operations in unprofitable business components with unfavorable regulatory environments, which represents a strategic shift that will have a major effect on the Company's operations and financial results. As a result of this plan, the Company reported California, Oregon, Colorado, Michigan, Kentucky CBD and its adult use operations in Maine ("Adult-Use Maine") as discontinued operations for the year ended December 31, 2023. These discontinued operations are components 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 during the quarter ended June 30, 2024; therefore, the Company has separately classified the financial results of these business components as Net loss from discontinued operations on the Condensed Interim Consolidated Statements of Operations (Unaudited).

California

As of December 31, 2023, the Company had completed the disposition of its operations in California.

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.

Kentucky

In the third quarter of 2023, the Company ceased all of its operations in Kentucky related to the manufacturing and wholesale distribution of CBD products, and classified its Kentucky business component as discontinued operations in the Annual Financial Statements. Upon this classification, the Company recognized a loss of $7.2 million on the impairment of its leased facility in Lexington, Kentucky and associated leasehold improvements and fixed assets (the “Kentucky Facility”). All equipment specific to the Company’s CBD operations in Kentucky was sold or disposed as of March 31, 2024.

In the first quarter of 2024, the Company made the strategic decision to introduce a new line of hemp-derived THC products via an online direct-to-consumer marketplace and to repurpose its Kentucky Facility for the production of said THC products. Accordingly, the Company ceased marketing the Kentucky Facility and remeasured the right-of-use asset and leasehold improvements at the lower of their carrying amount before being classified as held-for-sale and the fair value of the asset upon being reclassified to held-and-used. The Company recognized a gain of $3.9 million on the re-recognition of the Kentucky Facility.

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 a note receivable 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. The transaction was consummated on June 28, 2024.

Oregon

The Company signed an asset purchase agreement, effective July 1, 2023, for the sale of its operations in Oregon to Hotbox Farms, LLC, which closed on March 1, 2024. The purchase agreement included cash consideration of $2.0 million, adjusted for working capital provisions. The Company recorded a gain on sale of $0.4 million and $0.6 million for the three and six months ended June 30, 2024, respectively.

Michigan

On February 1, 2024, the Company assigned its lease in Kalamazoo to Hodai Kalamazoo, LLC. As of the date of the lease assignment, the Company sold all property, plant, and equipment and discontinued all operations at this location. During the six months ended June 30, 2024, the Company recorded a gain on disposal of $0.6 million.

(in thousands, except for gram, share and per share amounts)

On March 1, 2024, the Company assigned its lease in Ann Arbor to Hodai Ann Arbor, LLC. As of the date of the lease assignment, the Company sold all property, plant, and equipment and discontinued all operations at this location. There was no gain or loss as a result of this lease assignment.

The following table summarizes the major classes of assets and liabilities of the Company's discontinued operations were as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Assets		
Accounts receivable, net of allowance for credit losses	$ —	$ 4,356
Prepaid expenses and other current assets	58	53
Total current assets	58	4,409
Deferred tax asset	8,199	8,514
Property, plant and equipment, net	188	293
Total non-current assets	8,387	8,807
Total assets	$ 8,445	$ 13,216
Liabilities		
Accounts payable	$ —	$ 665
Accrued expenses	1,261	4,670
Lease liabilities, finance - current	31	28
Lease liabilities, operating - current	251	689
Notes payable - current	26	72
Total current liabilities	1,569	6,124
Notes payable - net of current	16	56
Lease liabilities, finance - net of current	268	285
Lease liabilities, operating - net of current	523	1,822
Total non-current liabilities	807	2,163
Total liabilities	$ 2,376	$ 8,287

The following table summarizes the Company's discontinued operations were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Total revenues, net	$ 29	$ 4,983	$ 775	$ 16,196
Cost of goods sold	(75)	10,449	414	26,851
Gross income (loss)	104	(5,466)	361	(10,655)
Other operating expenses	(183)	2,306	1,520	6,178
Income (loss) from operations	287	(7,772)	(1,159)	(16,833)
Total other expense, net	(29)	(1,841)	985	(6,680)
Income (loss) from discontinued operations before provision for income taxes	258	(9,613)	(174)	(23,513)
Provision for income taxes	(1,535)	1,709	(536)	3,021
Net loss from discontinued operations	$ (1,277)	$ (7,904)	$ (710)	$ (20,492)

(in thousands, except for gram, share and per share amounts)

Note 7 — Accounts receivable, net

Accounts receivable, net consist of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Trade accounts receivable	$ 70,408	$ 59,998
Other receivables	4,735	2,379
Total trade accounts and other receivables	75,143	62,377
Less: allowance for credit losses	(6,760)	(6,717)
Accounts receivable, net	$ 68,383	$ 55,660

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

Allowance for credit losses as of January 1, 2024	$ (6,717)
Provision	(1,387)
Charge-offs and recoveries	1,344
Allowance for credit losses as of June 30, 2024	$ (6,760)

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

Note 8 — Inventories, net

Inventories consist of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Raw materials:		
Cannabis	$ 47,278	$ 30,054
Non-Cannabis	21,135	22,064
Total raw materials	68,413	52,118
Work-in-process	61,566	72,988
Finished goods	98,628	90,807
Inventories, net	$ 228,607	$ 215,913

As of June 30, 2024 and December 31, 2023, the Company recorded an inventory reserve balance of $12.7 million and $12.0 million, respectively, within Inventories, net on the Condensed Interim Consolidated Balance Sheets (Unaudited).

During the three and six months ended June 30, 2024, the Company recorded inventory write downs totaling $2.4 million within Cost of goods sold on the Condensed Interim Consolidated Statements of Operations (Unaudited), 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.

During the three and six months ended June 30, 2023, the Company recorded inventory write downs totaling $2.3 million and $4.2 million, respectively, within Cost of goods sold on the Condensed Interim Consolidated Statements of Operations (Unaudited), 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.

(in thousands, except for gram, share and per share amounts)

Note 9 — Notes receivable

Note receivable consists of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Current portion of notes receivable	$ 823	$ 7,020
Long-term note receivable	2,200	—
Total notes receivable	$ 3,023	$ 7,020

In connection with the Company's acquisition of all assets of Grace & Co. (dba Dark Heart Nursery), the Company issued a $7.0 million interest bearing promissory note to the seller on October 27, 2023. On January 17, 2024, Curaleaf DH, Inc., a subsidiary of the Company, acquired all assets of Grace & Co. (dba Dark Heart Nursery) via forgiveness of $7.0 million promissory note, plus interest and cash consideration of $1.7 million.

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 was payable as a lump sum on July 31, 2024. Canymed can elect to make prepayments, in minimum installments of €0.1 million.

On February 23, 2024, the Company signed a real estate purchase agreement to sell the property and equipment of Acres Cultivation LLC and Acres Dispensary LLC for total consideration of $3.2 million, which consists of cash consideration of $1.0 million and the issuance of a secured note with a principal amount of $2.2 million. The note is secured by the property and equipment acquired by the borrower. The secured note earns interest at 8% per annum and matures in February 2027.

In connection with the sale of Curaleaf Maine Adult Use, Inc., the Company issued a promissory note in the principal amount of $0.1 million (the "Maine Promissory Note"). The principal balance and accrued interest are payable in ten equal monthly installments. The first payment was due on the closing date and subsequent payments due each month thereafter until paid in full. The note earns interest at 5.17% and matures in March 2025. See *Note 6 — Discontinued operations* for further information on sale.

Information about the Company's exposure to credit and market risks and impairment losses for notes receivable is included in *Note 27 — 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 June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Land	$ 7,826	$ 8,026
Building and improvements	528,857	514,777
Furniture and fixtures	188,284	168,846
Information technology	22,763	20,113
Construction in progress	63,315	43,704
Total property, plant and equipment	811,045	755,466
Less: Accumulated depreciation	(223,299)	(183,839)
Property, plant and equipment, net	$ 587,746	$ 571,627

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 $20.7 million and $40.5 million for the three and six months ended June 30, 2024, respectively, which includes $13.1 million and $25.6 million, respectively, recognized within Cost of goods sold, and

$7.6 million and $15.0 million, recognized within Operating expenses in the Condensed Interim Consolidated Statements of Operations (Unaudited) for the three and six months ended June 30, 2024, respectively.

Depreciation expense totaled $18.6 million and $35.1 million for the three and six months ended June 30, 2023, respectively, which includes $12.8 million and $24.6 million, respectively, recognized within Cost of goods sold, and $5.8 million and $10.5 million, respectively, recognized within Operating expenses in the Condensed Interim Consolidated Statements of Operations (Unaudited) for the three and six months ended June 30, 2023, respectively.

Asset Specific Impairment

In the first quarter of 2024, the Company made the strategic decision to introduce a new line of hemp-derived THC products via an online direct-to-consumer marketplace and to repurpose its Kentucky Facility for the production of said THC products. Accordingly, the Company ceased marketing the Kentucky Facility and remeasured the right-of-use asset and leasehold improvements at the lower of their carrying amount before being classified as held-for-sale and the fair value of the asset upon being reclassified to held-and-used. See *Note 6 — Discontinued operations* for further discussion.

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 rates implicit in the Company's lease arrangements are 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 one 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.

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 Condensed Interim Consolidated Balance Sheets (Unaudited). The Company's expenses related to its short-term and low-value leases were immaterial during the three and six months ended June 30, 2024 and 2023.

(in thousands, except for gram, share and per share amounts)

The components of the Company's lease costs including sale leaseback arrangements, recognized in the Condensed Interim Consolidated Statements of Operations (Unaudited) for the three and six months ended June 30, 2024 and June 30, 2023 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Finance lease cost:				
Amortization of ROU assets	$ 3,863	$ 3,817	$ 7,747	$ 7,636
Interest on finance lease liabilities	4,377	4,591	8,808	9,187
Total finance lease cost	$ 8,240	$ 8,408	$ 16,555	$ 16,823
Sale leaseback financial obligations:				
Interest on financial obligations	$ 5,951	$ 6,069	$ 11,936	$ 12,140
Depreciation on assets associated with sale leaseback financial obligations	4,361	4,522	8,756	9,122
Total financial obligation cost	$ 10,312	$ 10,591	$ 20,692	$ 21,262
Operating lease expense	$ 7,777	$ 7,130	$ 15,293	$ 14,166
Total lease costs[1]	$ 26,329	$ 26,129	$ 52,540	$ 52,251

[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 June 30, 2024 and December 31, 2023 consist of the following:

	June 30, 2024		December 31, 2023	
	Operating leases	Finance leases	Operating leases	Finance leases
Lease assets and liabilities:				
Right-of-use assets	$ 164,422	$ 182,783	$ 158,547	$ 183,820
Accumulated amortization	(46,428)	(48,350)	(40,112)	(40,617)
Right-of-use assets, net	$ 117,994	$ 134,433	$ 118,435	$ 143,203
Lease liabilities - current	$ 16,856	$ 10,155	$ 15,993	$ 9,428
Lease liabilities - net of current	109,850	154,694	110,398	159,961
Total lease liabilities	$ 126,706	$ 164,849	$ 126,391	$ 169,389

Financed property and equipment, net of accumulated depreciation, and Financial obligations as of June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Financed property and equipment:		
Financed property and equipment, net of accumulated depreciation of $54.8 million and $46.0 million, respectively	$ 167,813	$ 176,569
Financial obligation:		
Financial obligation - current	6,459	5,777
Financial obligation - net of current	205,468	208,895
Total financial obligation	$ 211,927	$ 214,672

(in thousands, except for gram, share and per share amounts)

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 Condensed Interim Consolidated Balance Sheets (Unaudited). The Company also recognized financial obligations for the sales proceeds totaling $50.1 million and deferred $1.4 million of gains, which is to being 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. 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. 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 Condensed Interim Consolidated Balance Sheets (Unaudited) as financed property and equipment. The Company also recognized a financial obligation for the sale proceeds of $21.5 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 recognized these assets as financed property and equipment within Property, plant and equipment, net on the Condensed Interim Consolidated Balance Sheets (Unaudited). The Company also recognized a financial obligation for the sale proceeds of $9.7 million.

Cash flows associated with the Company's operating and finance leases for the six months ended June 30, 2024 and 2023 are as follows:

	June 30, 2024	June 30, 2023
Operating cash flows from finance leases	$ (8,808)	$ (9,187)
Operating cash flows from operating leases	(14,870)	(13,527)
Operating cash flows from sale leaseback financial obligations	(11,936)	(12,140)
Financing cash flows from finance leases	(4,517)	(3,736)
Financing cash flows from sale leaseback financial obligations	(2,745)	(2,060)
Total cash flow from lease activities	$ (42,876)	$ (40,650)

	June 30, 2024	December 31, 2023
Weighted average remaining lease term (in years) - finance leases	9.6	10.1
Weighted average remaining lease term (in years) - operating leases	6.5	6.9
Weighted average discount rate - finance leases	10.7%	10.7%
Weighted average discount rate - operating leases	10.8%	10.5%

Maturities of the Company's lease liabilities, under non-cancelable leases, as of June 30, 2024, are as follows:

Fiscal Year	Operating Leases	Finance Leases	Financial Obligations
2024 (six months remaining)	$ 14,938	$ 13,486	$ 14,821
2025	28,647	27,360	30,264
2026	27,374	27,706	31,078
2027	25,677	28,273	28,944
2028	23,877	27,722	29,764
2029 and thereafter	56,754	150,895	239,787
Total undiscounted remaining minimum lease payments	177,267	275,442	374,658
Less: imputed interest	(50,561)	(110,593)	(162,731)
Total discounted remaining minimum lease payments	$ 126,706	$ 164,849	$ 211,927

(in thousands, except for gram, share and per share amounts)

Note 12 — Intangible assets, net and Goodwill

Intangible assets, net

Identifiable intangible assets consist of the following as of June 30, 2024 and December 31, 2023:

As of June 30, 2024	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Licenses and service agreements	$ 1,297,411	$ (291,714)	$ 1,005,697
Trade names	167,094	(52,312)	114,782
Intellectual property and know-how	9,414	(579)	8,835
Non-compete agreements	31,719	(17,045)	14,674
Intangible assets, net	$ 1,505,638	$ (361,650)	$ 1,143,988

As of December 31, 2023	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
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

The gross carrying amount of intangible assets increased by $27.2 million during the six months ended June 30, 2024. The increase in the gross carrying amount of intangible assets is primarily due to the Company's acquisitions of Dark Heart and Can4Med in the first quarter of 2024, acquisition of NGC in the second quarter of 2024, as well as the Company's entry into the adult use market in New York, which required an initial fee to obtain the associated adult use license.

Amortization of intangible assets was $27.7 million and $55.5 million for the three and six months ended June 30, 2024, respectively. Amortization of intangible assets was $30.2 million and $54.5 million for the three and six months ended June 30, 2023, respectively.

During the fourth quarter 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 June 30, 2024:

Year Ending December 31,	Estimated Amortization
2024 (six months remaining)	$ 52,758
2025	97,617
2026	97,082
2027	96,505
2028	93,115

(in thousands, except for gram, share and per share amounts)

The Company's remaining weighted average amortization period for its outstanding intangibles as of June 30, 2024 was 11.8 years. The following table outlines the remaining weighted average amortization period for each major class of intangible assets as of June 30, 2024:

Asset class:	**Weighted Average Amortization (in years)**
Licenses and service agreements	13.8
Trade names	8.1
Intellectual property and know-how	5.0
Non-compete agreements	5.1

Goodwill

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

	Domestic	**International**	**Total**
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
Acquisitions (Note 4)	—	6,138	6,138
Difference in exchange	—	(1,816)	(1,816)
Balance at June 30, 2024	$ 551,181	$ 79,769	$ 630,950

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

Note 13 — Investments and other assets

Investments and other assets consist of the following as of June 30, 2024 and December 31, 2023:

	As of	
	June 30, 2024	**December 31, 2023**
Security deposits[(1)]	$ 10,520	$ 10,523
Investments[(2)]	1,285	2,477
Other assets[(3)]	2,127	2,048
Total other assets	$ 13,932	$ 15,048

[(1)] Represents security deposits paid by the Company upon execution of certain of its real estate leases. See *Note 11 — Leases* for further details.

[(2)] In the third quarter of 2019, the Company entered into a Real Estate Contribution Agreement with a real estate investment trust (the "REIT"), receiving equity shares in the REIT as part of a sale and leaseback transaction. See *Note 11 — Leases* for further details.

[(3)] Represents receivables resulting from certain acquisitions of the Company.

Asset Specific Impairment

The Company remeasured the fair value of its external investment as of June 30, 2024 and determined that the carrying value of the investment was impaired due to sequential declines in the net realizable value of the investee. Accordingly, the Company recorded an impairment loss of $1.7 million for the three and six months ended June 30, 2024.

(in thousands, except for gram, share and per share amounts)

Note 14 — Accrued Expenses

Accrued expenses consist of the following as of June 30, 2024 and December 31, 2023:

	As of	
	June 30, 2024	December 31, 2023
Accrued loyalty payable	$ 5,875	$ 5,327
Sales taxes payable	8,089	9,971
Excise taxes payable	2,832	3,414
Accrued payroll expenses	25,798	25,227
Interest payable	9,036	6,330
Deferred revenue	2,448	866
Accrued inventory expenses	7,398	8,002
Accrued marketing expenses	2,723	4,306
Accrued legal expenses	9,867	6,275
Property & other taxes payable	1,695	2,243
Other accrued expenses	31,981	29,350
Total accrued expenses	$ 107,742	$ 101,311

Note 15 — Notes payable

Notes payable consist of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Senior Secured Notes – 2026	$ 460,000	$ 475,000
Bloom Notes – 2024	29,106	47,500
Bloom Notes – 2025	60,000	60,000
Seller notes payable	5,970	6,567
Other notes payable	23,453	18,389
Less: Unamortized debt discount, debt premium and deferred financing fees	(15,263)	(19,689)
Notes payable, net of unamortized debt discount/premium and deferred financing fees	563,266	587,767
Less: Notes payable - current	(102,948)	(39,478)
Notes payable - net of current	$ 460,318	$ 548,289

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 June 30, 2024, 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 of $7.1 million and $17.7 million for the three and six months ended June 30, 2024, respectively. The Company recognized interest expense of $10.5 million and $20.9 million for the three and six months ended June 30, 2023, respectively.

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.

Purchase of Senior Secured Notes - 2026 for Cancellation

In connection with the Company's overall strategy to reduce debt and interest, on April 30, 2024, in an arms-length transaction, the Company paid $14.3 million to purchase for cancellation Senior Secured Notes – 2026, that had a face value of $15.0 million. The Company also reduced accrued interest it had been accruing from December 15, 2023 through April 30, 2024 specific to the notes purchased for cancellation.

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 (expense), net on the Condensed Interim Consolidated Statements of Operations (Unaudited).

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 amount 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.

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 $2.4 million and $4.8 million during the three and six months ended June 30, 2024, respectively. The Company recognized interest expense of $3.3 million and $8.7 million during the three and six months ended June 30, 2023, respectively. The Company made principal payments of $9.2 million related to the Bloom Notes - 2024 during the quarter ending June 30, 2024.

Seller notes payable

At June 30, 2024, the Company had two outstanding seller notes payable with principal amounts totaling $6.0 million. The Company executed a note payable in connection with the acquisition of Phytotherapeutics Management Services, LLC with a principal amount of $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 with a principal amount of $4.6 million (the "Scottsdale Note"). The Scottsdale Note bears interest at a rate of 5% per annum and matures in December 2036. The Company recognized interest expense of $0.2 million and $0.3 million for the three and six months ended June 30, 2024, respectively. The Company recognized interest expense of $0.1 million and $0.2 million for the three and six months ended June 30, 2023, respectively.

Other notes payable

At June 30, 2024, Other notes payable consisted of the following:

Broad Horizons Holdings, LLC

The Company has a note payable with Broad Horizons Holdings, LLC (the "BHH Note"), which has a principal amount of $7.5 million, bears interest at 15% per annum and matures on September 30, 2025. Interest payments are due quarterly.

Verbundvolksbank OWL

Four20 Pharma GmbH ("Four20"), a subsidiary of the Company, has a note payable with Verbundvolksbank OWL (the "VOWL Note"), which has a principal amount of €1.9 million, bears interest at 5.9% per annum and matures on March 30, 2025. 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.

Tangela Holdings, LTD

On June 11, 2024, the Company and Tangela Holdings, Ltd ("Tangela"), entered into a short-term loan agreement for $1.6 million, which the Company used to fund bulk purchases of cannabis for resale by NGC. The loan accrues interest at a rate of 10% per annum. On July 10, 2024, the Company executed the First Amendment to the Tangela Loan (the "First

(in thousands, except for gram, share and per share amounts)

Amendment”). The First Amendment modified the maturity date from July 11, 2024 to 10 business days following a demand made by the lender. All other terms of the Tangela Loan remain unchanged.

The Company recognized cumulative interest expense of $0.4 million and $0.7 million for the three and six months ended June 30, 2024, respectively. The Company recognized cumulative interest expense of $0.3 million and $0.6 million for the three and six months ended June 30, 2023, 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 had a maturity date of August 25, 2024. On March 26, 2024, the Company signed a Change In Terms Agreement, increasing the credit facility to $10 million with a new maturity date of August 25, 2025. On June 14, 2024, the Company signed a second Change in Terms Agreement, further increasing the credit facility to $12 million. There were no other changes to the asset-based revolving credit facility. 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 Condensed Interim Consolidated Balance Sheets (Unaudited) as of June 30, 2024. The principal restrictions on incurring indebtedness include the requirement to furnish EWB with financial statements and other related information. As of and for the three months ended June 30, 2024, the Company was in compliance with its debt covenants. The Company recognized interest expense of $0.1 million and $0.2 million for the three and six months ended June 30, 2024.

Future maturities

As of June 30, 2024, future principal payments due related to the Company’s notes payable were as follows:

Fiscal year:		**Amount**
2024 (remaining six months)	$	25,840
2025		87,093
2026		460,308
2027		315
2028		1,815
2029 and thereafter		3,158
Total future debt obligations	$	578,529

Information about the Company’s exposure to interest rate risks and liquidity risks is included in *Note 27 — Fair value measurements and financial risk management*.

Note 16 — Shareholders’ equity

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

Change in ownership

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.

(in thousands, except for gram, share and per share amounts)

Authorized

As of June 30, 2024, 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 June 30, 2024, 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 June 30, 2024 and December 31, 2023, the MVS represent approximately 12.7% and 12.8%, respectively, of the total issued and outstanding shares and 68.5% and 68.8%, 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. The MVS shall automatically convert into SVS upon 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 June 30, 2024 and December 31, 2023, the Company had 648,356,339 and 639,757,098, 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 June 30, 2024, no Exchangeable Shares have been issued.

	SVS	MVS	Total
As of December 31, 2023	639,757,098	93,970,705	733,727,803
Issuance of shares in connection with acquisitions (Note 4)	3,415,913	—	3,415,913
Acquisition related contingent equity consideration	2,367,000	—	2,367,000
Acquisition escrow shares returned and retired	(5,503)	—	(5,503)
Exercise of stock options (Note 18)	75,391	—	75,391
Issuance of SVS for settlement of RSUs	2,421,192	—	2,421,192
Issuance of SVS for settlement of PSUs (Note 18)	325,248	—	325,248
As of June 30, 2024	648,356,339	93,970,705	742,327,044

As of June 30, 2024 and December 31, 2023, the number of SVS available for issuance under the Company's 2018 Long Term Incentive Plan ("LTIP") was 74,232,704 and 73,372,780 SVS, respectively. See *Note 18 — Share-based compensation* for further detail.

Treasury shares

There were no shares repurchased into treasury during the three and six months ended June 30, 2024 and 2023.

Note 17 — 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 starting the earlier of change of control or in 2025.

(in thousands, except for gram, share and per share amounts)

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 Condensed Interim Consolidated Balance Sheets (Unaudited) as temporary equity in the amount of $114.3 million and $120.7 million as of June 30, 2024 and December 31, 2023, respectively.

Note 18 — Share-based compensation

Equity Incentive Plans

The Company maintains a 2018 Stock and 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 three and six months ended June 30, 2024 and 2023:

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Stock options	$ 2,292	$ 2,297	$ 4,884	$ 1,709
Performance stock units	(303)	128	1,354	128
Restricted stock units	4,854	3,823	8,114	6,119
Share-based compensation	$ 6,843	$ 6,248	$ 14,352	$ 7,956

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 June 30, 2024 and 2023, total unamortized compensation cost related to unvested stock options was $17.9 million and $15.5 million, respectively, which the Company expected to recognize over a weighted-average period of 2.23 and 1.96 years, respectively.

The total intrinsic value of options exercised, and the total fair value of shares vested during the six months ended June 30, 2024 and 2023:

	2024	**2023**
Total intrinsic value of options exercised	$ 208	$ 271
Total fair value of shares vested	6,069	7,911

(in thousands, except for gram, share and per share amounts)

Significant assumptions used to estimate the fair value of the Company's stock option granted during the six months ended June 30, 2024 and June 30, 2023 are summarized below:

	2024	2023
Expected volatility	71% - 72%	70%
Expected life in years	6.01 - 6.02	5.38
Expected dividends	— %	— %
Risk-free interest rate (based on government bonds)	4.19% - 4.52%	3.73% - 3.76%

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 six months ended June 30, 2024 and 2023 are as follows:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding at January 1, 2024	27,932,603	$ 5.29		
Forfeited during the year	(724,184)	4.68		
Expired during the year	(146,434)	10.88		
Exercised during the year	(75,391)	2.06		
Granted during the year [(1)]	2,364,100	4.10		
Outstanding at June 30, 2024	29,350,694	$ 5.31	6.04	$ 25,863
Options exercisable at June 30, 2024	16,426,904	$ 5.58	3.99	$ 24,472

(1) Includes stock options the Company issued to the Company's Executive Chairman during the six months ended June 30, 2024 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, 2023	24,539,168	$ 6.73		
Forfeited during the year	(1,508,577)	9.30		
Expired during the year	(1,260,169)	9.19		
Exercised during the year	(81,775)	0.30		
Granted during the year [(1)]	7,929,533	2.89		
Outstanding at June 30, 2023	29,618,180	$ 5.44	5.83	$ 24,053
Options exercisable at June 30, 2023	15,702,289	$ 5.61	4.33	$ 15,702

(1) Includes stock options the Company issued to the Company's Executive Chairman during the six months ended June 30, 2023, that vest based on the achievement of certain market-based performance goals, including the achievement of certain stock price performance over a performance period. There are three stock price targets which can be achieved over the performance period and are based on an average closing price of the Company's common stock.

(in thousands, except for gram, share and per share amounts)

Performance stock units

The Company's PSU activity and related information for the six months ended June 30, 2024 and 2023, are as follows:

	Number of PSUs	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2024	1,062,267	$ 2.89
Forfeited	(203,853)	3.41
Vested	(325,248)	2.89
Granted	2,403,824	4.04
Unvested at June 30, 2024	2,936,990	$ 3.79

	Number of PSUs	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2023	—	$ —
Forfeited	(86,501)	2.89
Vested	—	—
Granted	2,240,372	2.89
Unvested at June 30, 2023	2,153,871	$ 2.89

As of June 30, 2024 and 2023, total unamortized compensation cost related to unvested performance stock units was $10.2 million and $6.2 million, respectively, which the Company expects to recognize over a weighted-average period of 1.7 years and 2.84 years, respectively.

Restricted stock units

The Company's RSU activity and related information for the six months ended June 30, 2024 and 2023 are as follows:

	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2024	6,145,959	$ 4.13
Forfeited during the year	(747,474)	4.33
Released during the year	(2,421,192)	4.24
Granted during the year	4,540,076	4.15
Unvested at June 30, 2024	7,517,369	$ 4.09
RSUs vested at June 30, 2024	8,254,030	

	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2023	4,292,655	$ 7.44
Forfeited during the year	(952,293)	7.10
Vested during the year	(784,768)	9.33
Granted during the year	4,109,182	2.89
Unvested at June 30, 2023	6,664,776	$ 4.46
RSUs vested at June 30, 2023	5,083,702	

(in thousands, except for gram, share and per share amounts)

As of June 30, 2024 and 2023, total unamortized compensation cost related to unvested restricted stock units was $25.8 million and $29.3 million, respectively, which the Company expected to recognize over a weighted-average period of 2.15 and 2.38 years, respectively.

Note 19 — Selling, general and administrative expense

Selling, general and administrative expenses consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Salaries and benefits	$ 58,789	$ 52,381	$ 116,552	$ 107,079
Sales and marketing	13,475	10,850	24,629	20,236
Rent and occupancy	13,410	11,914	26,723	24,370
Travel	1,767	1,561	3,312	3,328
Professional fees	6,658	11,367	12,139	22,686
Office supplies and services	10,952	11,817	22,206	24,611
Other	4,456	8,823	8,338	16,885
Total selling, general and administrative expense	$ 109,507	$ 108,713	$ 213,899	$ 219,195

Advertising costs, which are recorded in Sales and marketing, are expensed as incurred and totaled $5.3 million and $9.3 million for the three and six months ended June 30, 2024, respectively, and $3.0 million and $5.5 million for the three and six months ended June 30, 2023, respectively.

Note 20 — Defined contribution plans

The Company established the Curaleaf, Inc. 401(k) Plan (the "Plan") effective January 1, 2022. The Company's U.S. employees are generally eligible to participate in the Plan. The Plan allows eligible employees to make contributions, up to limits set by the Internal Revenue Service, through payroll deductions and invest their contributions in one or more of the investment funds offered by the Plan. For employees who have completed one or more years of eligible service, the Company matches 25% of the first 4% contributed of eligible compensation an employee contributes on a pretax and/or Roth 401(k) basis for each annual period. Under the Plan, employees become eligible for contributions on the first day of the calendar month, coincident with or next, following the date the employee performs an hour of service as an eligible employee. Matched contributions are always fully vested.

Employees outside the U.S. who are not covered by the Plan may be covered by defined contribution plans that are subject to applicable laws and rules of the country in which the defined contribution plan is administered.

The expense incurred by the Company in connection with its employer contributions totaled $0.3 million and $0.6 million for the three and six months ended June 30, 2024, respectively, and $0.2 million and $0.3 million for the three and six months ended June 30, 2023, respectively.

Note 21 — Other income (expense)

Other income (expense) consists of the following:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Gain (loss) on disposal of assets	$ 1,028	$ (161)	$ 1,328	$ (2,312)
Gain (loss) on investment	1,438	5,277	(1,176)	5,602
Gain on modification and extinguishment of debt	245	—	245	3,300
Other (expense) income, net	(836)	2,239	(908)	276
Other income (expense), net	$ 1,875	$ 7,355	$ (511)	$ 6,866

(in thousands, except for gram, share and per share amounts)

Note 22 — Revenue disaggregation

Total revenues, net consists of the following for the three and six months ended June 30, 2024 and June 30, 2023:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenues, net:				
Retail revenues	$ 264,043	$ 275,572	$ 532,114	$ 546,824
Wholesale revenues	76,795	58,468	146,301	118,480
Management fee income	1,448	1,511	2,803	2,887
Total revenues, net	$ 342,286	$ 335,551	$ 681,218	$ 668,191

(in thousands, except for gram, share and per share amounts)

Note 23 — Earnings per share

Basic and diluted loss per share attributable to Curaleaf Holdings, Inc. for the three and six months ended June 30, 2024 and June 30, 2023 was calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Numerator:				
Net loss from continuing operations	$ (48,553)	$ (66,588)	$ (100,129)	$ (110,469)
Less: Net loss attributable to redeemable non-controlling interest	(945)	(3,250)	(3,642)	(5,339)
Net loss from continuing operations attributable to Curaleaf Holdings, Inc.	(47,608)	(63,338)	(96,487)	(105,130)
Net loss from discontinued operations	(1,277)	(7,904)	(710)	(20,492)
Net loss attributable to Curaleaf Holdings, Inc.	$ (48,885)	$ (71,242)	$ (97,197)	$ (125,622)
Denominator:				
Basic weighted-average common shares outstanding	740,787,287	719,269,057	738,467,477	719,023,326
Effect of dilutive stock options to purchase common stock	108,204	—	770,161	40,619
Effect of dilutive restricted stock awards	2,138,739	1,108,279	2,508,464	1,111,866
Effect of dilutive performance-based stock awards	620,799	489,384	913,722	286,260
Effect of dilutive convertible debt	4,282,599	—	4,282,599	—
Effect of dilutive contingent shares	1,830,000	6,106,000	1,830,000	6,106,000
Pro forma diluted weighted-average common share outstanding (1)	749,767,628	726,972,720	748,772,423	726,568,071
Per share – basic and diluted(1):				
Net loss per share from continuing operations, net of loss per share attributable to non-controlling interest	$ (0.06)	$ (0.09)	$ (0.13)	$ (0.15)
Net loss per share from discontinued operations, net of loss per share attributable to non-controlling interest	—	(0.01)	—	(0.03)
Net loss per share attributable to Curaleaf Holdings, Inc. – basic and diluted	$ (0.06)	$ (0.10)	$ (0.13)	$ (0.18)

(1) As a result of the net losses incurred by the Company from its continuing operations and its discontinued operations for the three and six months ended June 30, 2024 and 2023, 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 24 — 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").

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: (i) Domestic operations and (ii) International operations. 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.

(in thousands, except for gram, share and per share amounts)

The following tables present certain financial by reportable segment as of June 30, 2024 and December 31, 2023 and for the three and six months ended June 30, 2024 and June 30, 2023. The CODM does not review total assets or net income (loss) by reportable segment; therefore, such information is not presented.

	Domestic	International	Total
For the three months ended June 30, 2024			
Revenues, net	$ 317,047	$ 25,239	$ 342,286
Gross profit	150,325	10,140	160,465
For the six months ended June 30, 2024			
Revenues, net	$ 635,916	$ 45,302	$ 681,218
Gross profit	304,051	17,318	321,369

	Domestic	International	Total
For the three months ended June 30, 2023			
Revenues, net	$ 321,372	$ 14,179	$ 335,551
Gross profit	142,855	4,908	147,763
For the six months ended June 30, 2023			
Revenues, net	$ 641,429	$ 26,762	668,191
Gross profit	298,880	9,325	308,205

	Domestic	International	Total
Long-lived assets as of June 30, 2024	$ 2,304,750	$ 351,468	$ 2,656,218
Long-lived assets as of December 31, 2023	2,349,337	328,636	2,677,973

Note 25 — 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 would be dependent on the Company's 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.

(in thousands, except for gram, share and per share amounts)

Note 26 — 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 three and six months ended June 30, 2024, and 2023:

	Related party transactions				Balance receivable (payable) as of	
	Three months ended June 30,		Six months ended June 30,			
Transaction	2024	2023	2024	2023	June 30, 2024	December 31, 2023
Consulting fees (1)	$ 125	$ 214	$ 210	$ 398		
Travel and reimbursement (2)	4	43	8	45		
Rent expense (3)	61	—	101	—		
Platform fees (4)(6)	760	578	1,508	1,136		
Senior Secured Notes - 2026 (5)	220	221	442	438	$ 10,000	$ 10,000
	$ 1,170	$ 1,056	$ 2,269	$ 2,017	$ 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, (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), and Architecture & Engineering Solutions, LLC, a company controlled by an immediate family member of Luke Flood, a senior vice president of the Company. There are on-going contractual commitments related to these transactions.

(2) Travel and reimbursement relate to payments made to Coherent Strategies Consulting and Coaching, a company of which Mr. Shasheen Shah, a director of the Company, is the CEO, for reimbursements of certain expenses incurred. There are on-going contractual commitments related to these transactions.

(3) Rent expense relates to 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 the lease arrangement.

(4) Leaf Trade and Sweed provide Curaleaf with their B2B platform for the Company's Wholesale sector in exchange for fees to use the platform. Measure 8 acquired a 5.86% stake in High Tech Holdings, Inc., the parent holding company of Leaf Trade and Sweed in 2023 and received a seat on the board of directors.

(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 $460 million of Senior Secured Notes – 2026. For the three and six months ended June 30, 2024 and 2023, 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.

(6) Platform fees for Fyllo. One of the Company's Board members, Mitchell Kahn, is also on Fyllo's board of directors.

Note 27 — 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, deferred consideration liabilities 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 values of the Company's deferred consideration liabilities, which are initially recorded at fair value on the acquisition date, approximate fair value, as these liabilities accrete in value each reporting period until payment is due. The carrying value of the Company's redeemable non-controlling interest approximates fair value, as the carrying value is updated each period to reflect the share of comprehensive income (loss) attributable to the Company's non-controlling interest holder. The carrying value and fair value of the Company's Notes payable was $563.3 million and $555.4 million, respectively, as of June 30, 2024. The carrying value and fair value of the Company's Notes payable was $587.8 million and $530.9 million, respectively, as of December 31, 2023.

(in thousands, except for gram, share and per share amounts)

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 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 June 30, 2024 using:			
	Level 1	Level 2	Level 3	Total
Investments	$ —	$ —	$ 1,285	$ 1,285
Contingent consideration liabilities	—	—	13,170	13,170
	$ —	$ —	$ 14,455	$ 14,455

	Fair value measurements as of December 31, 2023 using:			
	Level 1	Level 2	Level 3	Total
Investments	$ —	$ —	$ 2,477	$ 2,477
Contingent consideration liabilities	—	—	16,625	16,625
	$ —	$ —	$ 19,102	$ 19,102

Level 3

The fair value of the Company's Contingent consideration liability - net of current as of June 30, 2024 and December 31, 2023 were measured using the following Level 3 inputs:

- EMMAC: The present value of the Company's liability related to EMMAC achieving regulatory approval for recreational cannabis utilized a discount rate of 18.5% as of June 30, 2024 and 13.1% as of December 31, 2023.
- Four20: The present value of the Company's liability related to the issuance of shares in September 2024 utilized a discount rate of 20.0% as of June 30, 2024 and 13.5% as of December 31, 2023.
- NGC: The present value of the Company's liability related to NGC achieving certain revenue targets utilized a discount rate of 19.7% as of June 30, 2024.

There were no transfers between fair value levels during the three and six months ended June 30, 2024 and 2023.

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 as of June 30, 2024 and December 31, 2023 equates to the carrying amount of cash, cash equivalents and restricted cash, accounts receivable and notes receivable. The Company does not have significant credit risk with respect to its customers, since 78% and 82%, as of June 30, 2024 and June 30, 2023, respectively, of its Total revenues, net is retail-based. All of the Company's cash, cash equivalents and restricted cash are placed with major U.S. financial institutions, and accounts at each institution are insured by the FDIC up to $250,000. The Company's cash balances in certain bank deposit accounts, at times, may exceed federally insured limits.

(in thousands, except for gram, share and per share amounts)

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 Condensed Interim Consolidated Balance Sheets (Unaudited) 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 June 30, 2024 and December 31, 2023 is as follows:

	June 30, 2024	December 31, 2023
0 to 90 days	$ 57,889	$ 47,633
91 to 180 days	5,657	6,925
181 days +	4,837	1,102
Accounts receivable, net of allowance for credit losses	$ 68,383	$ 55,660

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, under which $460 million and $475 million aggregate principal amount remained outstanding as of June 30, 2024 and December 31, 2023, respectively. See *Note 15 — 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 Bloom Notes for aggregate gross proceeds of $160 million. As of June 30, 2024 and December 31, 2023, $89.1 million and $107.5 million of aggregate principal amount remained outstanding, respectively. See *Note 15 — Notes payable – Bloom Notes* for further details. If the Company commits an Event of Default, as defined in the agreements governing the Bloom Notes, the sellers of Bloom may, under certain circumstances, accelerate the maturity of the principal amount outstanding or realize on the collateral granted by the Company over its assets. An Event of Default could have a material adverse impact on the Company's financial position.

(in thousands, except for gram, share and per share amounts)

In addition to the commitments outlined in *Note 11 — Leases*, *Note 15 — Notes payable* and *Note 25 — Commitments and contingencies*, the Company had the following financial obligations as of June 30, 2024 and December 31, 2023:

	< 1 Year	1 to 3 Years	Total
As of June 30, 2024:			
Accounts payable	$ 101,888	$ —	$ 101,888
Accrued expenses	107,742	—	107,742
Income tax payable	6,236	—	6,236
Liabilities held for sale	3,000	—	3,000
Other current liabilities	2,149	—	2,149
Contingent consideration liability	9,666	3,504	13,170
Deferred consideration liability	25,409	22,929	48,338
Deferred tax liability	—	285,593	285,593
Uncertain tax position	—	339,819	339,819
Other long-term liability	—	1,095	1,095
	$ 256,090	$ 652,940	$ 909,030

	< 1 Year	1 to 3 Years	Total
As of December 31, 2023:			
Accounts payable	$ 79,319	$ —	$ 79,319
Accrued expenses	101,311	—	101,311
Income tax payable	198,056	—	198,056
Liabilities held for sale	9,173	—	9,173
Other current liabilities	1,256	—	1,256
Contingent consideration liability	11,901	4,724	16,625
Deferred consideration liability	22,342	21,310	43,652
Deferred tax liability	—	297,185	297,185
Uncertain tax position	—	79,142	79,142
Other long-term liability	—	1,346	1,346
	$ 423,358	$ 403,707	$ 827,065

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 June 30, 2024 and 2023, 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, cash equivalents and restricted cash 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.

(in thousands, except for gram, share and per share amounts)

Geography risk

The geographic concentration of the Company's various operations in the U.S. could present risks if the performance of domestic cannabis markets and/or macroeconomic performance falls below expectations. Factors that may adversely affect domestic cannabis markets and the macroeconomic environments include, among others, the following:

- the economic climate, which may be adversely impacted by a reduction in jobs or income levels, industry slowdowns, changing demographics and other factors;
- local conditions, such as oversupply of, or reduced demand for, cannabis products;
- regulatory restrictions or local laws, which could prevent the Company from maintaining pricing or increases in operating costs, or the inability or unwillingness of customers to pay current prices or price increases;
- concentration of and competition from other cannabis cultivators, manufacturers and distributors with a domestic presence;
- economic conditions that could cause an increase in the Company's operating expenses, including increases in taxes, utilities and routine maintenance; and
- regional specific acts of nature (e.g., earthquakes, fires, floods, etc.).

Refer to *Note 22 — Revenue disaggregation* and *Note 24 — Segment reporting* for disaggregation of certain selected financial information by the Company's reportable segments: Domestic and International.

Capital management

The Company's primary objective when managing capital is to continually provide returns to 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, cash equivalents and restricted cash. 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 28 — Variable interest entities

For further details on the variable interest entities consolidated within the Consolidated Financial Statements, see *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 June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Included in Condensed Interim Consolidated Balance Sheets (Unaudited):		
Current assets	$ 362,290	$ 356,037
Non-current assets	2,373,131	2,371,221
Current liabilities	578,081	924,456
Non-current liabilities	1,267,770	914,807
Equity attributable to Curaleaf Holdings, Inc.	716,751	711,380

(in thousands, except for gram, share and per share amounts)

The following table presents summarized financial information about the Company's variable interest entities for the three and six months ended June 30, 2024 and June 30, 2023:

	Three months ended June 30,	
	2024	**2023**
Included in Condensed Interim Consolidated Statements of Operations (Unaudited):		
Revenues, net	$ 316,655	$ 323,574
Net income (loss) attributable to Curaleaf Holdings, Inc.	44,908	(63,958)

	Six months ended June 30,	
	2024	**2023**
Included in Condensed Interim Consolidated Statements of Operations (Unaudited):		
Revenues, net	$ 635,110	$ 646,699
Net income (loss) attributable to Curaleaf Holdings, Inc.	53,799	(112,961)

Note 29 — Subsequent events

On August 6, 2024, the Company commenced adult use operations in Ohio, and its Newark dispensary opened for both adult use and medical patients. Additionally, adults over the age of 21 are able to purchase the Company's cannabis products from third-party state-licensed dispensaries across Ohio.