



2026 Annual Report
Fiscal Year ended May 31, 2026

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended May 31, 2026
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR
THE TRANSITION PERIOD FROM TO
Commission File Number 001-38594

TILRAY BRANDS, INC.
(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
265 Talbot Street West,
Leamington, ON
(Address of principal executive offices)

82-4310622
(I.R.S. Employer
Identification No.)

N8H 5L4
(Zip Code)

Registrant's telephone number, including area code: (844) 845-7291

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	TLRY	The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**
Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒
Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐
Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.
Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒
If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐
Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐
Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of the Registrant’s Common Stock on The Nasdaq Global Select Stock Market on November 28, 2025, was approximately \$0.9 billion.
As of July 24, 2026, there were 136,203,579 shares of the Registrant’s Common Stock, par value \$0.0001 per share, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the definitive proxy statement to be filed by the registrant in connection with the 2026 Annual Meeting of Stockholders (the “Proxy Statement”) with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the year ended May 31, 2026, provided that if such Proxy Statement is not filed within such period, such information will be included in an amendment to this Form 10-K to be filed within such 120-day period.

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In this Annual Report on Form 10-K, “we,” “our,” “us,” “Tilray,” and the “Company” refer to Tilray Brands, Inc. and, where appropriate, its consolidated subsidiaries. This report contains references to our trademarks and trade names and to trademarks and trade names belonging to other entities. Solely for convenience, trademarks and trade names referred to in this report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies’ trademarks or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

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PART I

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K for the fiscal year ended May 31, 2026 (the “Form 10-K”) contains forward-looking statements under Canadian securities laws and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are intended to be subject to the “safe harbor” created by those sections and other applicable laws. Such statements involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements under the Canadian securities laws and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, that are intended to be subject to the “safe harbor” created by those sections and other applicable laws. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “will,” “would,” “seek,” or “should,” or the negative or plural of these words or similar expressions or variations are intended to identify such forward-looking statements. Forward-looking statements include, among other things, our beliefs or expectations relating to our future performance, results of operations and financial condition; our intentions regarding our cost savings initiatives; our strategic initiatives, business strategy, supply chain, brand portfolio, product performance and expansion efforts; current or future macroeconomic trends and industry or regulatory trends; our statements regarding the consolidation of the Canadian cannabis industry; future corporate acquisitions and strategic transactions; and our synergies, cash savings and efficiencies anticipated from the integration of our completed acquisitions and strategic transactions.

Risks and uncertainties that may cause actual results to differ materially from forward-looking statements include, but are not limited to, those identified in this Form 10-K and those discussed in the sections titled “Risk Factor Summary” set forth below, titled “Risk Factors” set forth in Part I, Item 1A of this Form 10-K, and titled “Management’s Discussion and Analysis of Financial Condition and Results of Operation” set forth in Part II, Item 7 of this Form 10-K, as well as our other filings made from time to time with the U.S. Securities and Exchange Commission and in our Canadian securities filings.

Forward looking statements are based on information available to us as of the date of this Form 10-K and, while we believe that information provides a reasonable basis for these statements, these statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements. You should not rely upon forward-looking statements or forward-looking information as predictions of future events.

We undertake no obligation to update forward-looking statements to reflect actual results or changes in assumptions or circumstances, except as required by applicable law.

Risk Factor Summary

Investing in our securities involves a high degree of risk. The following summarizes material factors that make an investment in our securities speculative or risky. This summary does not address all risks we face. See “*Item 1A—Risk Factors*” for a more complete discussion.

- We may not realize anticipated benefits from acquisitions, including our craft beverage and BrewDog-related transactions, and may face integration challenges and operational disruption.
- Our business is highly dependent on maintaining regulatory approvals, licenses and permits across multiple jurisdictions, and changes in cannabis, hemp or other applicable laws—including in the United States—could materially adversely affect our operations and strategy.
- Evolving international regulations, including import/export restrictions and delays, may limit our ability to expand and operate globally.
- We face significant competition across our cannabis and beverage businesses, including from illicit market participants and large, well-capitalized competitors.
- Our beverage business is subject to changing consumer preferences, reliance on third-party distributors, and strong competitive pressures that could reduce sales and margins.
- Our operations depend on key facilities, supply chains and agricultural production, which are subject to risks such as natural disasters, crop failure, supply disruption, and increases in input costs.

- Our products may be subject to recalls, contamination, product liability claims, or adverse health effects, and negative publicity may harm consumer demand and our reputation.
- We are subject to litigation, regulatory enforcement, and health, safety and environmental laws that could result in significant costs, liabilities and operational restrictions.
- Cybersecurity incidents, information technology failures, or data privacy breaches could disrupt operations, result in financial losses, and expose us to liability.
- Our success depends on our ability to attract and retain key personnel, manage labor costs, and avoid workforce disruptions.
- We have a history of net losses and may not achieve or maintain profitability; we may also be unable to access capital, service debt, or comply with financial covenants.
- Macroeconomic conditions, inflation, tariffs, foreign exchange fluctuations, and geopolitical instability may adversely affect our business, results of operations and financial condition.
- We face risks related to internal controls, tax and accounting matters, and may incur impairments of goodwill and other assets.
- The market price of our common stock is highly volatile, and our capital structure, including convertible securities and future equity issuances, may result in dilution or limit our strategic flexibility.
- Additional risks include limitations on protecting our intellectual property, reliance on insurance and self-insurance, costs of being a public company, governance provisions that may limit change-of-control transactions, and emerging risks such as our cryptocurrency strategy.

Item 1. Business.

Our Company

Tilray Brands, Inc., a Delaware corporation (collectively, along with its subsidiaries, the “Company”, “Tilray”, “we”, “us” and “our”) is a leading global lifestyle consumer products company, which was incorporated on January 24, 2018 and is headquartered in Leamington and New York, with operations in Canada, the United States, Europe, Australia, and Latin America that is leading as a transformative force at the nexus of cannabis, beverage, wellness, and entertainment, elevating lives through moments of connection. Tilray’s mission is to be a leading premium lifestyle company with a house of brands and innovative products that inspire joy and wellness, while creating memorable experiences that bring people together.

In January 2022, we changed our name from Tilray, Inc. to Tilray Brands, Inc. in order to reflect our consumer/patient-focused approach to sustainably growing our businesses by building brand equity and consumer/patient loyalty through the delivery of high-quality products under brands that emotionally connect with and are trusted by consumers/patients worldwide. Today, our portfolio includes some of the most well-known and beloved brands in their respective industries and markets including SweetWater Brewing, Montauk Brewing, BrewDog, Shock Top, 10 Barrel, Breckenridge Brewery, Blue Point Brewing, Breckenridge Distillery, Revolver, Terrapin, Broken Coast, Good Supply, Redecan, Solei, Tilray, ARX, XMG, Manitoba Harvest and Hi-Ball. In the U.S., we are the 4th largest craft brewer. In Canada, we continued to lead the Canadian cannabis market with the highest cannabis revenue in Canada. Our Manitoba Harvest business is a leader in the hemp-based food category in the U.S. Outside of North America, we have provided high-quality, consistent medical cannabis products to patients in over 20 countries spanning five continents through our global subsidiaries, and through agreements with established distributors. In our fiscal year ended May 31, 2026, we expanded our beverage platform from a North American business into a global platform with our acquisition of BrewDog, the only global craft beer brand, enhancing our global brewing presence and supporting the broader distribution of our beverage brands across key international markets.

Our Strategy and Outlook

Our overall strategy is to leverage our brands, infrastructure, expertise and capabilities to drive revenue growth in the industries and channels in which we compete, achieve industry-leading, profitability and build sustainable, long-term shareholder value. In order to ensure the long-term sustainable growth of our Company, we continue to focus on developing strong capabilities in data analytics and consumer insights to drive category management leadership and assess opportunities for the introduction of new categories, products and entries into new geographies. In addition, we are relentlessly focused on managing our cost structure and expenses in order to expand margins and maintain our strong financial position. Finally, our experienced leadership team provides a strong foundation to accelerate our growth. Our management team is complemented by experienced operators, cannabis industry experts, veteran beer and beverage industry specialists and leaders that are well-established in wellness foods, all of whom apply an innovative and consumer-centric approach to our businesses.

To achieve our vision of building the leading global lifestyle consumer products company that is leading as a transformative force at the nexus of cannabis, beverage, wellness, and entertainment, elevating lives through moments of connection, we are focused on achieving profitable, sustainable growth across all our segments, while leveraging our infrastructure and team to execute against the following strategies:

- ***Build global brands that lead in their respective industries by winning the hearts and minds of our consumers.*** We have a house of high-quality, consumer connected brands, which are beloved and trusted by our consumers. Through this extensive portfolio, we seek to continue to build loyalty and connections by providing our consumers with the experiences they crave and enhancing the occasions that bring them together, while delivering on with the value proposition they have come to expect.
- ***Develop innovative products and form factors that change the way the world consumes cannabis.*** In Canada, we produce, market and sell one of the most comprehensive portfolios of adult-use cannabis and medical form factors, including whole flower, pre-rolls, infused pre-rolls, vapes, topicals, edibles (gummies and chocolates) and beverages. We plan to continue to leverage consumer insights and data analytics to continue to develop innovative products that possess the most consumer demand and are truly differentiated from our competitors, while optimizing our cultivation and production facilities. Internationally, we distribute medical cannabis products to patients across multiple markets, including Germany, Portugal, the United Kingdom, Australia, and other jurisdictions where we hold the necessary regulatory approvals and

licenses. We will continue to invest in research, education and drug development in order to continue to provide our patients and consumers with a differentiated portfolio of products that exceeds their expectations and meets their needs, driven by research and patient insights.

- ***Grow and leverage our investment in beverage and hemp-based food.*** Within the U.S., our strategic acquisitions of beverage businesses are the cornerstone of our longer-term U.S. strategy and an important step towards achieving our vision to lead as a transformative force at the nexus of cannabis, beverage, wellness, and entertainment, elevating lives through moments of connection. This diversification strategy not only provides us with a platform and infrastructure to enable us to access the U.S. market more quickly in the event of federal legalization, but also in advance of any federal legalization, a purposefully-built platform where we are focused on leading the beer, beverage and spirits segments, including building our ever-growing beverage portfolio by bringing new consumers into the segment, focusing on new product development and driving innovation that delights our consumers while expanding brand awareness. In March 2026, Tilray completed a series of acquisitions of certain business operations and assets from BrewDog plc and its subsidiaries, consisting of brewing and distilling operations, brewpubs and hospitality venues across the United Kingdom, Australia, and the United States as well as the worldwide rights to all of the intellectual property utilized in the business (the “BrewDog Acquisition”). In addition to driving growth in our beverage businesses, we also seek to drive growth in our Tilray Wellness platform, which currently consists of our Manitoba Harvest brand and other hemp-based foods and ingredients products. We are focused on consumer insights and consumer marketing activities, new product development, as well as educating the consumer on the benefits from hemp-based foods. Lastly, in the event of federal legalization in the U.S., we expect to be well-positioned to compete in the U.S. adult-use cannabis market given our portfolio of strong brands and distribution system in addition to our track record of growth in consumer-packaged goods and cannabis products. Until federal legalization, we intend to continue to diversify and grow our businesses while maximizing their profitability.
- ***Expand the availability of high quality, consistent medical cannabis products for patients around the world, wherever it is legal.*** Since 2014, we have seen an increase in the demand for medical cannabis from patients, doctors and governments in conjunction with a shift in the medical community, which is increasingly recognizing medical cannabis as a viable option for the treatment of patients suffering from a variety of health conditions. We are focused on driving the availability of high-quality medical cannabis that is accessible to all who need it. Internationally, we have made significant investments in our operations within Europe and we are well-positioned to pursue international growth opportunities with our strong medical cannabis brands, distribution network in Germany with CC Pharma, and end-to-end European Union Good Manufacturing Practices (“EU-GMP”) supply chain, which includes EU-GMP production facilities in Portugal and Germany. We intend to continue to maximize the utilization of our existing assets and investments in connection with the development and execution of our international growth plans, while leveraging our cannabis expertise and well-established medical brands as well as our Canadian brands. Through our well-positioned cultivation facilities in Canada, Portugal and Germany, we intend to fuel the demand for our EU-GMP certified medical grade cannabis internationally. Furthermore, in April 2026, the U.S. Department of Justice issued an order rescheduling FDA-approved cannabis products and state-licensed medical cannabis from Schedule I to Schedule III under the Controlled Substances Act. Concurrently, the Drug Enforcement Administration (“DEA”) is conducting an expedited administrative hearing to consider broader rescheduling, which faces legal challenges in the D.C. Circuit Court of Appeals. As a global leader in medical cannabis, we believe we are well-positioned to participate in a federally compliant U.S. medical cannabis market but we are monitoring the regulatory landscape and legal challenges that are ongoing.
- ***Optimize and drive efficiencies in our global operations with a relentless focus on cost reduction and cash generation.*** In each of our pillars, we continuously evaluate our cost structure for efficiencies and synergies and eliminate cost when warranted. In cannabis, our state-of-the-art facilities are among the lowest cost production operations with the capabilities to produce a complete portfolio of form factors and products, including flower, pre-roll, capsules, vapes, edibles and beverages. In beverage, we are focused on integrating our recently acquired craft brands, improving our cost structure and scaling our international BrewDog business. This approach has permitted us to maintain a strong, flexible balance sheet, cash balance and access to capital, which we believe will assist us in accelerating growth and deliver long-term sustainable value for our stockholders.

Acquisitions and Strategic Transactions

In connection with executing our strategy as outlined above, during Fiscal 2026 we completed the following acquisitions and strategic transactions:

Carlsberg. On February 5, 2026, we entered into an exclusive licensing agreement, which commences on January 1, 2027, with the Carlsberg Group, one of the world’s premier brewing organizations and among the largest globally by revenue. Under the terms of the agreement, Tilray has been granted a multi-year license to produce, market, sell and distribute Carlsberg®, Carlsberg Elephant®, 1664®, and Kronenbourg 1664 Blanc® branded beers across all channels in the United States, beginning January 1, 2027. The agreement has an initial five-year term, with an automatic renewal for an additional five years subject to performance criteria.

Panama. On October 13, 2025, we entered into a strategic partnership for medical cannabis operations in Panama. Under this partnership, the Company holds a 25% equity interest in Solana Life Group, S. de R.L., a Panamanian entity. The joint venture is engaged in the importation, distribution, and commercialization of medical cannabis products in Panama. During the fiscal year ended May 31, 2026, there were no transactions with this entity.

BrewDog. Between March and April 2026, Tilray completed the BrewDog Acquisition. As the only global craft beer brand, the BrewDog Acquisition served to transform our beverage platform from a U.S. platform to a global platform and provided us with the international presence, team and capabilities to support the broader distribution of our U.S. beverage brands across key international markets, all in line with our previously disclosed ambition.

Lyphe. On April 15 2026, Tilray acquired the Lyphe Group, a UK-based medical cannabis clinic and digital pharmacy platform (“Lyphe”). Through Lyphe’s online clinic and pharmacy platform, we will seek to enhance access to medical cannabis while accelerating its existing capabilities in dispensing traditional prescription medicines, creating a seamless, digitally enabled patient experience.

Reportable Segments

Our business consists of four reporting segments, which are defined by the industry in which we compete, target consumers, route to market, and margins. This enables us to track and measure our performance and build processes for repeatable success in each of these categories. Our defined reporting segments align with how our Chief Operating Decision Maker (“CODM”), our CEO and Chairman of the Board, evaluates and manages our business, including resource allocation and performance assessment. We report our operating results in four reportable segments:

- *Beverage* – Production, marketing and sale of beverages.
- *Cannabis* – Cultivation, production, distribution and sale of both medical and adult-use cannabis products.
- *Distribution* – Purchase, resale and distribution of pharmaceutical and wellness products.
- *Wellness* – Production, marketing and distribution of hemp-based food and other wellness products.

Net revenue in these four reportable business segments, and the year-over-year comparison, is as follows:

(In thousands of U.S. dollars)	Year Ended May 31, 2026	% of Total Revenue	Year Ended May 31, 2025	% of Total Revenue	Year Ended May 31, 2024	% of Total Revenue
Beverage business	253,976	28%	240,595	29%	202,094	25%
Cannabis business	268,342	29%	249,001	30%	272,798	35%
Distribution business	327,244	36%	271,228	33%	258,740	33%
Wellness business.	65,892	7%	60,485	8%	55,310	7%
Total net revenue	<u>915,454</u>	<u>100%</u>	<u>821,309</u>	<u>100%</u>	<u>788,942</u>	<u>100%</u>

Net revenue in these four reportable business segments as reported in constant currency¹, and the year-over-year comparison, is as follows:

(In thousands of U.S. dollars)	Year Ended May 31, 2026 as reported in constant currency	% of Total Revenue	Year Ended May 31, 2025 as reported in constant currency	% of Total Revenue
Beverage business	252,893	29%	240,595	29%
Cannabis business	260,773	30%	249,001	30%
Distribution business	304,728	34%	271,228	33%
Wellness business	65,510	7%	60,485	8%
Total net revenue	<u>883,904</u>	<u>100%</u>	<u>821,309</u>	<u>100%</u>

Revenue from our cannabis operations from the following sales channels and the year-over-year comparison is as follows:

(In thousands of U.S. dollars)	Year Ended May 31, 2026	% of Total Revenue	Year Ended May 31, 2025	% of Total Revenue	Year Ended May 31, 2024	% of Total Revenue
Revenue from Canadian medical cannabis	23,726	9%	24,998	10%	25,211	9%
Revenue from Canadian adult-use cannabis	236,352	87%	224,048	91%	266,846	98%
Revenue from wholesale cannabis	7,318	3%	18,207	7%	25,340	9%
Revenue from international cannabis	84,910	32%	63,356	25%	53,295	20%
Less excise taxes	<u>(83,964)</u>	<u>(31)%</u>	<u>(81,608)</u>	<u>(33)%</u>	<u>(97,894)</u>	<u>(36)%</u>
Total	<u>268,342</u>	<u>100%</u>	<u>249,001</u>	<u>100%</u>	<u>272,798</u>	<u>100%</u>

Revenue from our cannabis operations from the following sales channels as reported in constant currency¹ and the year-over-year comparison is as follows:

(In thousands of U.S. dollars)	Year Ended May 31, 2026 as reported in constant currency	% of Total Revenue	Year Ended May 31, 2025 as reported in constant currency	% of Total Revenue
Revenue from Canadian medical cannabis	23,505	9%	24,998	10%
Revenue from Canadian adult-use cannabis	234,365	90%	224,048	91%
Revenue from wholesale cannabis	7,295	3%	18,207	7%
Revenue from international cannabis	78,899	30%	63,356	25%
Less excise taxes	<u>(83,291)</u>	<u>(32)%</u>	<u>(81,608)</u>	<u>(33)%</u>
Total	<u>260,773</u>	<u>100%</u>	<u>249,001</u>	<u>100%</u>

(1) The constant currency presentation of our Cannabis revenue based on market channel is a non-GAAP financial measure. See “Use of Non-GAAP Measures—Constant Currency Presentation” for a discussion of these Non-GAAP Measures.

Beverage Segment

Our Brands and Products

We are a major player in the craft beverage industry with our portfolio of beloved brands and innovative products, placing us as the 4th largest craft brewer in the United States according to the Brewers Association 2025 U.S. Craft Brewing Industry Figures Report. During our fiscal year ended May 31, 2026, our beverage alcohol products were predominantly sold in the United States, with limited offerings in Canada and other international markets. The BrewDog Acquisition served to expand our beverage business into various international markets given its position as a leading craft beer brand in the United Kingdom and other international markets. The Company also participates in the craft spirits industry through Breckenridge Distillery, which was founded in 2008 in Breckenridge, Colorado, and has expanded its award-winning bourbon whiskey collection and innovative craft spirits portfolio to be distributed in all 50 states, in addition to operating two tasting rooms/retail shops and a world class restaurant.

Our beverage brands include:

- **Alpine** – An award-winning craft brand founded in 1999, Alpine is rated a top 50 brand in the United States with highly-rated favorites including Nelson IPA, Duet IPA and Infinite Haze.
- **Blue Point** – Founded in 1998, Blue Point Brewing Company has grown into one of the largest breweries in New York State, offering a lineup of quality lagers and innovative craft beers. Its product portfolio includes Toasted Lager, Long Island Light, Imperial Sunshine, Magic Hour IPA, Hoptical Illusion as well as a rotating line of Innovation Beers. Blue Point has won numerous awards over the years that highlight the quality of innovation at forums such as the World Beer Cup, the Great American Beer Festival, the New York Craft Beer Competition, the Australian International Beer Awards, and the Atlantic City Beer Festival.
- **Breckenridge Brewery** – Since its doors opened in 1990 in the ski town of Breckenridge, Colorado, the Breckenridge brand has grown into one of the most recognized craft breweries in the U.S. Today, Breckenridge Brewery has three locations to visit – the original brewpub in Breckenridge, its renowned Farm House restaurant in Littleton, CO, outside Denver, and our newest location in Fort Collins, CO. With a focus on balanced, approachable, and interesting beers, the brand’s portfolio includes Avalanche Amber Ale, Palisade Peach Wheat, Juice Drop Hazy IPA, Funslinger Lager, Vanilla Porter, Juice Drop Imperial Hazy IPA, Cerveza, Nitro Irish Stout, and Christmas Ale (seasonal).
- **Breckenridge Distillery** – A highly sought-after and award-winning brand widely known for its blended bourbon whiskey and its collection of artisanal spirits including vodka and gin that brings to life the best that Colorado has to offer. Breckenridge continues to be one of the most awarded craft distilleries in the U.S.
- **BrewDog** – Founded in 2007 in Scotland, BrewDog has grown into one of the most recognizable craft beer brands globally, known for its bold, hop-forward styles and distinctive branding. Today, BrewDog operates in the United Kingdom, Europe, and the United States, Australia and the Middle East with an established presence in pubs, bars, retail, and on-trade channels. With a focus on flavor-driven, innovative craft beer, the brand’s core portfolio includes flagship offerings such as Punk IPA, Blackheart, Wingman, Elvis Juice Grapefruit IPA, Hazy Jane, and Lost Lager, alongside a rotating range of seasonal, limited-edition, and non-alcoholic products.
- **Green Flash** – An award-winning craft brand founded in 2002 to bring fresh ideas and a sense of adventure to craft beer. Green Flash delivers an eclectic lineup of specialty craft beers and distributes them throughout the west. Our staple brand, West Coast IPA, as well as our newly launched Hazy West Coast IPA, continue to excite consumers across the west coast.
- **Hop Valley** – Hop Valley Brewing Co. was founded in 2009 with the mission to create high-quality craft beers that push the boundaries of flavor and innovation. Based in Oregon, Hop Valley Brewing’s award-winning beers are known for their creative approach and commitment to using the finest ingredients.
- **Montauk Brewing Company** – As the #1 craft brewer in Metro New York, Montauk Brewing Company is well-known for its easy-drinking product portfolio, its home on the Eastern end of Long Island, and premium price point. Wave Chaser IPA is a staple of Montauk Brewing and has expanded into Surf Beer, a Golden Ale, Tropical IPA, Juicy IPA and most recently NA IPA, a non-alcoholic offering. Montauk Brewing’s brand reach has predominantly been in New York City, Long Island, and northern New Jersey, but has now been expanded into Connecticut, Rhode Island, Upstate New York, Pennsylvania and the remainder of New Jersey.
- **Redhook Brewery** – Founded in Seattle, Washington, the Redhook brand is one of the nation’s original craft beers, crafting better beer since 1981. Four decades later, one thing has never changed—Redhook is still brewing great beers. Its award-winning beers include Big Ballard Imperial IPA, ESB, and Long Hammer IPA.
- **Revolver** – Founded in Granbury, Texas, the Revolver brand has built its reputation on pushing boundaries while staying true to its roots. With the flagship offering of Blood & Honey, Revolver continues to craft beers that embody Texas tradition with a modern twist.
- **Shock Top** – An award winning traditional Belgian-style wheat ale that was originally introduced in 2006 as a seasonal offering. After taking home the gold medal at the North American Beer Awards in the Belgian White category, it became a year-round offering. Shock Top Belgian White is a spiced wheat ale brewed with coriander spice and the peels of three different citrus fruits: orange, lemon, and lime. This uniquely crafted ale

is unfiltered to create a naturally cloudy brew with a light golden color and a smooth, refreshing finish. In addition to its flagship Belgian White, Shock Top has a compelling seasonal lineup, including fan favorite Twisted Pretzel Wheat, as well as a newly introduced year-round extension, Shock Top High Voltage, a 9.6% imperial wheat ale.

- **SweetWater** – A craft brand with an award-winning lineup of year-round, seasonal and specialty beers under a portfolio of brands closely aligned with a cannabis lifestyle, which include the flagship 420 Extra Pale Ale, a strong supporting IPA portfolio, including newly released Day Trip IPA and Big Trip Double IPA, and various supporting legacy beers. We believe the SweetWater product offerings resonate with consumers that want to drink flavorful and refreshing products. We also continue to be innovative with our 420 Strain G13 IPA, which plays a critical role in our portfolio and resonates as a cannabis lifestyle brand. SweetWater’s G13 IPA uses plant-based terpenes and natural hemp flavors that, when combined with select hops, emulate the flavors and aromas of popular cannabis strains to appeal to a loyal consumer base.
- **Terrapin** – Terrapin Beer Co. began with the ambition to create distinctive craft beers and officially launched in April 2002, introducing its inaugural brew, Rye Pale Ale, in Athens, GA. Within six months, Terrapin Beer achieved significant recognition by securing its first Gold Medal at the Great American Beer Festival in Denver. Terrapin’s flagship brand, Hopsecutioner IPA, is supported by a robust IPA portfolio and a rotating line of seasonals. Terrapin Beer Co. has a sustainability initiative called Terraprint, which aims to reduce the environmental impact of its operations. This includes minimizing waste, conserving water, and promoting recycling to ensure responsible and sustainable growth.
- **Widmer** – Founded in Portland, Oregon in 1984, Widmer Brothers is one of the largest craft brands in the Pacific Northwest. In 1986, Widmer Brothers introduced its Hefe beer, an American variant on the traditional Hefeweizen, which spread widely across the country. In the 2023 Best of Craft Beer Awards, Hefe won Gold in the American Wheat category and Widmer Brothers was awarded “Large Brewery of the Year”. Its award-winning beers include Hefe, Drop Top Amber, and Deadlift Imperial IPA.
- **10 Barrel** – Founded in 2006 in Bend, Oregon, 10 Barrel Brewing Company is one of the most acclaimed breweries in the U.S., and consistently a top medal winner at the Oregon Beer Awards. Its products include Apocalypse IPA, Cloud Mentality, All Ways Down, Money Cat, Pub Beer, and Cucumber Crush. 10 Barrel took home three Gold and one Silver medal at the 2023 World Beer Cup.

Our Operations

In the U.S., we have an extensive brewery network with diverse capacities and capabilities across the country, responsible for producing 99% of a variety of year-round and seasonal specialty craft brews under our 18 craft beverage brands. Specifically, we have 7 production facilities across the U.S.: Atlanta, GA, Athens, GA, Portland, OR, Bend, OR, Littleton, CO, Patchogue, NY, and Columbus, OH, and through the continued expansion of our operational footprint, we have also broadened our production capabilities to include ciders, fermented malted beverages (“FMBs”), ready-to-drink (“RTDs”), non-alcoholic and functional beverages. Our operational footprint is supplemented by our 18 owned vibrant brewpubs including a flagship BrewDog multi-level brewpub located on the Las Vegas Strip and our BrewDog DogHouse hotel located in Columbus, OH. Our BrewDog brand is also supported by a franchised brewpub in Denver, CO and a licensed location in the Columbus, OH airport. In addition to our extensive brewer network, we also own Breckenridge Distillery, the world’s highest distillery, located in Breckenridge, Colorado, where our award-winning craft spirits are produced, together with our Breckenridge restaurant and tasting room.

In the U.K., following the BrewDog acquisition, we operate a scaled brewing and hospitality platform anchored by a leading craft beer brand with strong consumer recognition. Our operations include a flagship brewing facility located in Ellon, Scotland, as well as a network of pubs and hospitality venues across the United Kingdom, Ireland and Australia, including 19 owned and 16 franchised pubs as well as two hotels. These assets include established on-premise locations and a direct-to-consumer bar network, which support brand engagement and retail sales. Through the acquisition, we also obtained the BrewDog brand and related intellectual property, enhancing our international brewing presence, expanding production capacity, and enabling the broader distribution of both BrewDog and Tilray beverage brands across key markets.

Distribution

In the U.S., as required by the regulatory environment, the Company’s sales are predominantly made to a network of over 900 wholesalers in the United States. The distributors sell our products to retailers, such as grocery stores, club stores,

convenience stores, liquor stores, bars, restaurants, stadiums and other traditional and e-commerce retail outlets, where the products are sold to consumers. Tilray's beverage portfolio is distributed in all 50 states, with brand strongholds in the Pacific Northwest, Southwest, Southeast, Midwest and Northeast. Our distribution points include nearly 50,000 off-premises retail locations ranging from independent bottle shops to national chains. Additionally, the Company's significant on-premises business allows consumers to enjoy its brands in more than 30,000 restaurants and bars.

In the U.K., BrewDog is widely distributed through a diversified route-to-market strategy that includes company-operated and franchised pubs, e-commerce channels, relationships with major retail customers, and sales through wholesale and on-premise partners. This approach provides broad consumer connection and access across both retail and hospitality channels, supporting BrewDog's position as a leading craft beer brand in the U.K. market. We are also leveraging this extensive distribution network to distribute several of our U.S.-based beverage brands throughout the U.K. in line with our strategic rationale for the BrewDog Acquisition.

In addition to our traditional distribution footprint, our brands can be found in airports and sports venues across the U.S. with branded taprooms in the Long Island MacArthur Airport in Long Island, New York, Hartsfield-Jackson Atlanta International Airport, Denver International Airport, and Columbus Airport. We have also entered into partnerships with the New York Mets, Colorado Avalanche, Atlanta United, University of Florida, the Portland Timbers, University of Colorado, University of Denver, the University of Missouri and University of Oregon among others. Our brands can also be found aboard Delta Air Lines flights nationwide and internationally as well as on JetBlue and British Airways. Following the BrewDog Acquisition, the Company has expanded its brand reach through additional U.K.-based sports and entertainment partnerships, including naming rights to St Helens R.F.C. and designation as the official beer partner of West Ham United.

Consistent with our craft beer distribution strategy, our craft spirit brands from Breckenridge Distillery are distributed in all 50 states, and in two on-premise tasting and retail store locations. In addition to our traditional distribution, network, we also leverage partnerships with sports venues with Breckenridge Distillery being the official bourbon and vodka sponsor of the Denver Broncos. Outside of the U.S., Breckenridge is distributed globally in over 20 different countries, with the intention of further expanding our international distribution.

Regulatory Environment

Beverages in the United States

The beverage alcohol industry in the United States is regulated by federal, state and local governments. These regulations govern the production, sale, marketing and distribution of alcohol beverages, including permitting, licensing, marketing and advertising. To operate our production facilities and hospitality businesses, we must obtain and maintain numerous permits, licenses and approvals from various governmental agencies, including but not limited to, the Alcohol and Tobacco Tax and Trade Bureau (the "TTB"), the FDA, state alcohol regulatory agencies and state and federal environmental agencies. Our brewery and distillery operations are subject to audit and inspection by the TTB and the local regulatory agencies at any time.

In addition, the alcohol industry is subject to substantial federal and state excise taxes. Excise taxes may be increased in the future by the federal government or any state government or both. In the past, increases in excise taxes on alcoholic beverages have been considered in connection with various governmental budget-balancing or funding proposals.

Beverages in the United Kingdom

The beverage alcohol industry in the United Kingdom is regulated by national and local governmental authorities. These regulations govern the production, sale, distribution, marketing, and advertising of alcoholic beverages, as well as licensing, food safety, labeling, environmental compliance, and public health requirements. To operate our brewing, packaging, retail, and hospitality businesses, we are required to obtain and maintain various licenses, permits, registrations, and approvals from applicable regulatory authorities. Our operations are subject to periodic inspections, audits, and reviews by regulatory agencies to ensure compliance with applicable laws and regulations.

In addition, the beverage alcohol industry in the United Kingdom is subject to excise duties and value added tax ("VAT"). Excise duties on alcoholic beverages are determined by the U.K. government and may be increased from time to time. Changes in excise duty rates, tax policies, or other regulatory requirements could adversely affect consumer demand, operating costs, and the financial performance of our beverage business.

Beverages in Australia

The beverage alcohol industry in Australia is regulated by federal, state, and territorial governments. These regulations govern the importation, sale, distribution, marketing, advertising, and labeling of alcoholic beverages, as well as licensing, food safety, and environmental compliance requirements. Our beverage operations in Australia are required to comply with applicable laws and regulations and are subject to oversight by various regulatory authorities.

In addition, the beverage alcohol industry in Australia is subject to excise duties, customs duties on certain imported products, and other applicable taxes. Excise duty rates and other taxation policies may be modified by the Australian government from time to time. Changes in excise duties, tax rates, or other regulatory requirements could adversely affect consumer demand, operating costs, and the financial performance of our beverage business.

Competitive Conditions

Beverage Markets

In the U.S., we compete in the craft beer and spirits industries, as well as in the much larger beverage alcohol market, which encompasses domestic and imported beers, flavored alcoholic beverages, spirits, hard ciders, ready to drink beverages (“RTDs”), fermented malt-based beverages (“FMBs”) and hard seltzers. With the proliferation of participants and offerings in the wider beverage market and within the craft beer and craft spirits segments, we face significant competition. Our products are not the primary brands in our distributors’ portfolios. Therefore, in addition to competing with other beverage products for share of consumers, we also compete with other beverage companies for a share of the distributor’s attention, time and selling efforts. In some states, our contracts with distributors may be impacted by laws that restrict our ability to terminate the relationship. On a macro level, consumer reports indicate that consumers are drinking less beverage alcohol products for various reasons, including economic pressures, the proliferation of GLP-1 drugs and wellness concerns.

In the U.K., we compete in the highly competitive beer market, which includes international brewers, national brewers, regional brewers, and a large number of independent craft brewers. The U.K. beverage alcohol market continues to evolve as consumers seek greater product variety, premium offerings, alcohol moderation options, and differentiated brand experiences. In addition, the industry has experienced cost pressures from inflation, higher input costs, increased labor expenses, and changes in consumer spending patterns, which have intensified competition across both the retail and hospitality channels. Through BrewDog’s established brand portfolio, company-owned bar network, retail presence, and e-commerce platform, we believe we are well positioned to compete within the U.K. beverage market.

Cannabis Segment

Our Brands and Products

Our Medical Cannabis Brands

We were among the first companies to be permitted to cultivate and sell legal medical cannabis. To date, we have supplied high-quality medical cannabis products to patients in over 20 countries spanning five continents through our global subsidiaries, and through agreements with established pharmaceutical distributors. Tilray Medical is dedicated to transforming lives and fostering dignity for patients in need through safe and reliable access to a global portfolio of medical cannabis brands. In Canada, we supply medical cannabis to patients under the Tilray, Aphria, Broken Coast, and Symbios brands. Outside of North America, we supply medical cannabis products to patients under the Tilray Medical, Broken Coast, Redecan, Good Supply, ARX and Navcora brands. Tilray grew from being one of the first companies to become an approved licensed producer of medical cannabis in Canada to building among the first EU-GMP certified cannabis production facilities in Portugal and Germany. Today, Tilray Medical is one of the largest suppliers of medical cannabis to patients, physicians, hospitals, pharmacies, researchers and governments in countries spanning across five continents. Our medical cannabis brands consist of:

- **Tilray Medical** – The Tilray Medical brand was designed for prescribers and patients in the global medical market and is well-known for offering a wide range of consistent high-quality, pharmaceutical-grade medical cannabis and cannabinoid-based products. We believe patients and prescribers choose the Tilray Medical brand because of the trust they have in our rigorous quality standards and our science-based approach to our medical-grade products.
- **Aphria** – Since 2014, the Aphria brand is a leading, trusted choice for Canadian patients seeking high quality pharmaceutical-grade medical cannabis. Today, the Aphria brand continues to be a leading brand in Canada.

- **Broken Coast** – Medical cannabis products under the Broken Coast brand are grown in small batches in single-strain rooms, with a commitment to product quality in order to meet our patient expectations around the world.
- **Symbios** – Launched in 2021, Symbios was developed to provide Canadian patients with a broader spectrum of formats and unique cannabinoid ratios at a more approachable price point.
- **Good Supply** – Good Supply never misses the mark. With an established reputation for reliable, quality flower, we're the go-to choice for thousands. By carefully selecting tried and trusted strains, you can count on us to deliver on our name: Good Supply, every time.
- **Redecan** – Redecan is more than a recognizable name. Our reputation's built on a long legacy of trust. From day one, the love of growing has driven every decision. As growers, we never underestimate the role each harvest plays in writing the next chapter of the plant's story. No shortcuts, the legacy lives on.
- **ARX** – ARX is a premium, German-grown medical cannabis brand built on the belief that patients deserve consistent, high-quality products. It brings together Canadian craft expertise and genetics with precise, controlled cultivation in Germany to raise the standard of medical cannabis.

Tilray Medical is a leading provider of EU-GMP certified medical cannabis products with a segmented approach to our brand portfolio and a comprehensive portfolio of THC and CBD products, which delivers on the value proposition required by our patients. Each medical cannabis product that Tilray offers has been selected to ensure patients can receive both the highest product quality as well as consistency when it comes to supply of their medicinal cannabis products.

We take a scientific approach to our medical-use product development, which we believe establishes credibility and trust in doctors, patients and governments. We continue to conduct extensive research and development activities in order to innovate and develop new products for medical use.

Our Adult-Use Cannabis Brands

We believe that our portfolio of brands, developed for consumers across broad demographics and targeted segments, remains unmatched in the industry. With a focus on brand building, innovation, loyalty and conversion, we seek to drive growth with our differentiated portfolio of brands and products, both in sales and market share across categories. The Company is investing capital and resources to establish a leadership position in the adult-use market in Canada. These investments are focused on building our brands with consumers through product innovation, distribution, trade marketing and cannabis education. Our strategy is to develop a brand focused portfolio that resonates with consumers in all category segments.

We are positioned to grow our adult-use brand portfolio to specifically meet the needs and preferences of different consumer segments of the adult-use cannabis market. We leverage our selection of strains to offer each consumer segment a different experience through its product and terpene profiles, while also focusing on the value proposition for each of these segments as it relates to price, potency and product assortment.

Each brand is unique to a specific consumer segment and designed to meet the needs of these targeted segments, as described below. Our portfolio of brands and products and our marketing activities have been carefully curated and structured to enable us to develop and promote our brands and product lines in an effective and compliant manner. We continue to develop additional brands and new products, such as edibles and beverages, with more innovative products in our pipeline. Our brand portfolio consists of the following:

ECONOMY BRANDS

Bake Sale Unlock culinary creativity with Bake Sale’s perfect balance of potency and affordability. Whether you’re crafting in the kitchen or sparking up, Bake Sale delivers delectable cannabis experiences that won’t break the bank.

VALUE BRANDS

Good Supply Good Supply offers feel good highs for the stoner in everyone. Consistent, dependable and readily available in classic, innovative and novel formats. We’re always up for a good time—and you should be too—because cannabis is supposed to be fun. Trust Good Supply to deliver an exciting sensorial experience that you can depend on.

Original Stash Keep it real with Original Stash—staying true to the essence of the cannabis culture. Crafted with care and priced just right, our high-quality weed embodies the OG spirit. It’s all about enjoying the pure thrill of toking without draining your wallet. No fuss, just quality bud.

MAINSTREAM BRANDS

Redecan Quality cannabis starts with how it’s made. No shortcuts, no excuses. Redecan was founded on the belief in quality at every stage. With a purpose-built facility and hand-trimmed buds, Redecan delivers on its promise of excellence.

PORTAL Tilray’s newest cannabis brand engineered specifically for seasoned, high-tolerance consumers seeking uncompromising potency, consistency, and performance. PORTAL is built around liquid diamonds, the highest potency THC-dominant cannabis concentrate, along with diamond coated flower and precision formulation. Together, these elements deliver uncompromising performance paired with a bold, sci-fi inspired identity that feels powerful, modern, and intentionally different. Designed as a ritual rather than a novelty, PORTAL is engineered for consumers who live comfortably at higher tolerances and expect consistency, intensity, and reliability every time.

Canaca Canaca brings Canadian inspiration to our technically innovative cannabis products that are potently Canadian and crafted for intensity. Prepare for your senses to be thrilled from the untamed flavors and aromas of our ultra-potent and pure products, for a homegrown experience that’s beautiful to behold—just like the country we call home.

RIFF RIFF loves a joint effort. We collaborate with growers and the hottest creatives in our communities to bring you that fire. It’s all about celebrating the joy of connecting with others and encouraging our community to create something meaningful. We strive to elevate the standard for cannabis in Canada, ‘cause if it’s not expertly grown, crafted or made—it’s not worth being on the shelf.

HEXO Experience the essence of Quebec with HEXO’s greenhouse-grown cannabis. Cultivated amidst the landscapes of Quebec, our buds embody the region’s rich heritage and natural beauty.

Solei Intentionally elevate your mind and body with Solei. With thoughtfully designed cannabis products, you can curate sensorial experiences based on what you need, when you need it, entirely on your terms. Let us be your well-being guide in innovative formats, featuring varied and rare cannabinoids, curated to allow you to easily fine-tune your wellness routines.

XMG XMG is the #1 cannabis beverage brand in Canada focused on delivering high intensity and full flavor. Every beverage is maxed out at 10mg of nano-emulsified THC for a powerful and fast-acting experience. XMG is bold and unapologetic—our mission is to be straight-up, bold, and rebellious in creating beverages that are unique, intense, and fun. With multiple product lines ranging from XMG+, with naturally occurring caffeine, to XMG Zero, with zero calories and zero sugar, and a range of flavors across nostalgic sodas and refreshing fruit flavors, there’s something for everyone and every occasion. Building on this success, we have extended the XMG brand into edibles, bringing the same unique, intense, and fun brand elements to the category.

Mollo	Mollo was one of the first cannabis-infused beverages launched in the Canadian market and has grown to be the #2 cannabis beverage brand in Canada. Mollo is dedicated to crafting beverages for every social occasion and to offer Canadians healthier alternatives to alcohol-based beverages. Mollo is inviting, easygoing, and confident in helping consumers slow down and take it all in where chilling and connecting are the focus. Mollo 10 continues to be the top beer-analogue cannabis-infused beverage in the market, and Mollo has launched Ciders and Seltzers so that Canadians can have a variety of non-alcoholic options for every season and celebration.
Chowie Wowie	At Chowie Wowie, we think edibles should be fun, safe, tasty and consistent – and most importantly, enjoyed with friends. That’s why we make delicious edibles portioned for super shareability with consistent and reliable dosing. So, whether you’re looking for a fruity explosion of gummy deliciousness or a buttery-smooth chocolate indulgence, we’ve got something right for you and your friends.

PREMIUM BRANDS

Broken Coast	Broken Coast is a heritage cannabis brand widely recognized for setting the standard for craft cannabis in Canada. We are relentlessly dedicated to producing the ultimate expression of craft cannabis by using proprietary growing practices in bespoke growing conditions for each cultivar that we diligently pheno-hunt. This means all our craft cannabis is grown indoors in small-batch, strain-specific rooms, then is slowly hang cured before being hand trimmed.
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Our Operations

Through our cannabis reporting segment, we have invested in state-of-the-art facilities and infrastructure, and we believe that we maintain some of the highest-quality, lowest cost cannabis production operations in Canada, with the scale and distribution network that differentiates us from our competitors in the industry. We also made significant investments in our operations within Europe and we are well-positioned to pursue international growth opportunities with our strong medical cannabis brands, distribution network in Germany, and end-to-end European Union Good Manufacturing Practices (“EU-GMP”) supply chain, which includes EU-GMP production facilities in Portugal and Germany. During the course of our fiscal year ended May 31, 2026, we invested in upgrading the quality and consistency of our flower production in both our Cantanhede, Portugal and Neumunster, Germany facilities, which included importing some of our most desired cultivars from our Canadian operations and improving our cultivation and post-harvest processes to improve upon our yields, potencies and the overall quality of our medical flowers. We also began to import cannabis flowers from our Canadian operations in order to provide our patients with a broad and differentiated portfolio. We seek to continue to invest in the expansion of our global supply chain to address the unmet needs of patients around the world.

We currently maintain key international operations in Portugal, Germany, Poland, Italy, United Kingdom, Luxembourg, Australia and New Zealand. While these markets are still in various stages of development, and the regulatory environment around them is either newly formed or still being formed, we are uniquely positioned to bring the knowledge and expertise gained in Canada and leverage our operational footprint in order to generate profitable growth in these geographies.

On April 15, 2026, Tilray acquired the Lyphe Group, a UK-based medical cannabis clinic and digital pharmacy platform. The addition of Lyphe strengthens Tilray’s vertically integrated medical ecosystem by combining clinical services, patient access, and pharmaceutical distribution. Through Lyphe’s online clinic and pharmacy platform, Tilray will seek to enhance access to medical cannabis, while accelerating its existing capabilities in dispensing traditional prescription medicines, creating a seamless, digitally enabled patient experience.

Distribution

Canadian Adult-use Market

Under the Canadian legislative regime, provincial, territorial and municipal governments have the authority to prescribe regulations regarding retail and distribution of adult-use cannabis. As such, the distribution model for adult-use cannabis is prescribed by provincial regulations and differs from province to province. Some provinces utilize

government run retailers, while others utilize government-licensed private retailers, and some a combination of the two. All of our adult-use sales are conducted according to the applicable provincial and territorial legislation and through applicable local agencies.

Through our subsidiaries, Aphria and High Park Holdings Ltd. (“High Park”), we maintain supply agreements for adult-use cannabis with all the provinces and territories in Canada.

Tilray is party to a distribution agreement with Great North Distributors to provide sales force and wholesale/retail channel expertise required to efficiently distribute our adult-use products through each of the provincial/territorial cannabis control agencies, excluding Quebec where we utilize internal resources.

Canadian Medical Market

In Canada, Tilray Medical operates a direct to patient distribution model and online platform for patients to effectively and efficiently manage the process of registering and ordering medical products from Tilray Medical’s full portfolio of medical brands including Tilray, Aphria, Broken Coast, Symbios, and select adult-use brands. In Canada, Tilray has also partnered with a number of third-party licensed producers to carry a wider array of product offerings, specifically edibles, inhalers, and CBD vapes, through its medical platform to better serve the interests of our patients.

International Medical Markets

Tilray Medical currently offers broad access to medical cannabis products in legal medical markets across Europe, Australia and Latin America. Through our various distribution subsidiaries and partnerships with distributors, our medical products are available to patients on 5 continents, which include the following international distribution channels:

- CC Pharma, our wholly-owned subsidiary, is a leading importer and distributor of pharmaceuticals for the German market and we are leveraging its distribution network in Germany for medical cannabis.
- In Italy, FL Group, our wholly-owned subsidiary, distributes medical cannabis throughout Italy.
- In Argentina, ABP, S.A., our wholly-owned subsidiary, distributes medical cannabis throughout Argentina under the Argentinian “Compassionate Use” national law, which allows patients with refractory epilepsy, holding a medical prescription from a neurologist, to apply for special access to imported medical cannabis products.
- In Panama, Tilray has entered into a joint venture with Top Tech Global Inc, creating Solana Life Group, that has received a medical cannabis license issued by the National Directorate of Pharmacy and Drugs in Panama authorizing the cultivation, manufacturing, import, export, distribution and sale of medical cannabis in the country.
- Our products are also distributed by multiple wholesalers and directly to pharmacies in various countries throughout Europe and in Australia.

Wholesale

In Canada, we are authorized to sell wholesale bulk and finished cannabis products to other licensees under the Cannabis Regulations. The bulk wholesale sales and distribution channel requires minimal selling, administrative, and fulfillment costs. Our focus on the right strain assortment, quality of flower, extraction capabilities and processing, enables us to drive wholesale channel opportunities for revenue growth.

Changes in the Canadian market continue to result in more competitors moving towards an asset light model through the rationalization of cultivation facilities. As this transition occurs, the Company anticipates demand for its saleable flower to increase, providing new opportunities in the wholesale channel.

We also intend to expand our capabilities outside of saleable flower, as our quality of extraction processes continue to grow. We plan to be selective in choosing partners, with the intent to secure supply agreements to further optimize and drive efficiency within our supply chain and operations. While we intend to pursue wholesale sales channels as part of our growth strategies in Canada, these sales will continue to be used to aid in balancing inventory levels.

Regulatory Environment

Canadian Medical and Adult-Use

Medical and adult-use cannabis in Canada is regulated under the federal *Cannabis Act* (Canada) (the “Cannabis Act”) and the Cannabis Regulations (“CR”) promulgated under the Cannabis Act. Both the Cannabis Act and CR came into force in October 2018, superseding earlier legislation that only permitted commercial distribution and home cultivation of medical cannabis. The following are the highlights of the current federal legislation:

- a federal license is required for companies to cultivate, process and sell cannabis for medical or non-medical purposes. Health Canada, a federal government entity, is the oversight and regulatory body for cannabis licenses in Canada;
- allows individuals to purchase, possess and cultivate limited amounts of cannabis for medical purposes and, for individuals over the age of 18 years, for adult-use recreational purposes;
- enables the provinces and territories to regulate other aspects associated with recreational adult-use. In particular, each province or territory may adopt its own laws governing the distribution, sale and consumption of cannabis and cannabis accessory products, and those laws may set lower maximum permitted quantities for individuals and higher age requirements;
- promotion, packaging and labelling of cannabis is strictly regulated. For example, promotion is largely restricted to the place of sale and age-gated environments (*i.e.*, environments with verification measures in place to restrict access to persons of legal age). Promotions that appeal to underage individuals are prohibited;
- since the current federal regime came into force on October 17, 2018, certain classes of cannabis, including dried cannabis and oils, have been permitted for sale into the medical and adult-use markets;
- following amendments to the CR that came into force on October 17, 2019 (often referred to as Cannabis 2.0 regulations), other non-combustible form-factors, including edibles, topicals, and extracts (both ingested and inhaled), are permitted in the medical and adult-use markets;
- export is restricted to medical cannabis, cannabis for scientific purposes, and industrial hemp; and
- sale of medical cannabis occurs on a direct-to-patient basis from a federally licensed provider, while sale of adult-use cannabis occurs through retail-distribution models established by provincial and territorial governments.

All provincial and territorial governments have, to varying degrees, enacted regulatory regimes for the distribution and sale of recreational adult-use cannabis within their jurisdiction, including minimum age requirements. The retail-distribution models for adult-use cannabis varies nationwide:

- Quebec, New Brunswick, Nova Scotia and Prince Edward Island adopted a government-run model for retail and distribution;
- Ontario, British Columbia, Alberta, and Newfoundland and Labrador adopted a hybrid model with some aspects, including distribution and online retail being government-run while allowing for private licensed retail stores;
- Manitoba and Saskatchewan adopted a private model, with privately-run retail stores and online sales, with distribution in Manitoba managed by the provincial government;
- the three northern territories of Yukon, Northwest Territories and Nunavut adopted a model that mirrors their government-run liquor distribution model.

In addition, the cannabis industry is subject to substantial federal and provincial excise taxes. Excise taxes may be increased in the future by the federal or any provincial government or both.

European Union Medical Use

Each country within the European Union (“EU”) has its own laws and regulations relating to medical and adult-use cannabis, with most countries only permitting the use of medical cannabis and then to varying degrees. Countries within the EU are at different stages of legalization of medical and adult-use cannabis as some countries have expressed a clear political ambition to legalize adult-use cannabis (Portugal and Luxembourg), some are engaging in an experiment for adult-use (Germany, Netherlands and Switzerland), following the medical legalization in Malta in 2021,

in Germany in 2024 and in the Czech Republic in 2026. France is debating regulations for cannabinoid-based medicine and Spain was the last country legalizing medical cannabis in the EU in October 2025.

The EU also requires adherence to EU-GMP standards for the manufacture of active substances and medicinal products, including cannabis products. The EU system for certification of EU-GMP allows a Competent Authority of any EU member state to conduct inspections of manufacturing sites and, if the strict EU-GMP standards are met, to issue a certificate of EU-GMP compliance that is also accepted in other EU member countries.

Competitive Conditions

We continue to face intense competition from the illicit market as well as other companies, some of which may have longer operating histories and more financial resources and manufacturing and marketing experience. With potential consolidation in the cannabis industry, we could face increased competition by larger and better financed competitors.

Growers of cannabis and retailers operating in the illicit market continue to hold significant market share in Canada and are effectively competitors to our business. Illicit market participants divert consumers away through product offerings, price point, anonymity and convenience.

Outdoor cultivation also significantly reduces the barrier to entry by reducing the start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices as capital expenditure requirements related to growing outside are typically much lower than those associated with indoor growing. Further, the licensed outdoor cultivation capacity is extremely large. While outdoor cultivation is almost exclusively extraction grade, its presence in the market will have a negative effect on pricing of extraction grade wholesale cannabis.

As of May 31, 2026, Health Canada has issued approximately 1,000 active licenses to cannabis cultivators, processors and sellers. Health Canada licenses are limited to individual properties. As such, if a licensed producer seeks to commence production at a new site, it must apply to Health Canada for a new license. As of May 31, 2026, approximately 3,700 authorized retail cannabis stores have opened across Canada. As demand for legal cannabis increases and the number of authorized retail distribution points increases, we believe new competitors are likely to enter the Canadian cannabis market. Nevertheless, we believe our brand recognition combined with the quality, consistency, and variety of cannabis products we offer will allow us to maintain a prominent position in the Canadian adult use and medical markets.

Competition is also based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing and promotional activity, the ability to identify and satisfy consumer preferences, as well as convenience and service.

Internationally, cannabis companies are limited to those countries which have adopted a drug policy that has legalized various aspects of the cultivation, distribution, sale or use of medical cannabis. These disparate frameworks previously have created a barrier to entry for competitors. While navigating these regulatory frameworks remains challenging, we continue to observe more entrants into various markets, especially Germany and Australia and have resultantly experienced increased price compression.

We expect more countries to pass regulation allowing for the use of medical and/or recreational cannabis. While expansion of the global cannabis market will provide more opportunities to grow our international business, we also expect to experience increased global competition.

Distribution Segment

Our Business

CC Pharma GmbH (“CC Pharma”) founded in 1999, is one of the leading pharmaceutical importers in Germany. For more than 25 years, CC Pharma has specialized in the re-importation and parallel importation of European pharmaceuticals, providing branded medicines to the German healthcare market on a more cost-effective basis. Through these activities, CC Pharma supports the socially and economically responsible supply of medicines and contributes to reducing medicinal product costs within the German healthcare system. CC Pharma also supports our medical cannabis business in Germany by providing packaging, order fulfillment, customer service, warehousing, and logistics services.

Our Customers and Product Lines

Our customers include public pharmacies, hospital pharmacies, and specialized pharmacies as well as pharmaceutical wholesalers. Distributing roughly 1,200 product lines, we offer a wide range of medicinal productions for different indications, including anti-rheumatic, oncology, and HIV prescription drugs.

As one of the leading pharmaceutical importers, we have leveraged our core expertise and years of experience in the import business to import high-quality, medical cannabis products for supply to pharmacies and pharmaceutical wholesalers. We also bring experience in the pharmacy market, especially in the areas of infrastructure, international logistics, distribution and regulatory requirements.

Regulatory Environment

Stringent quality control and assurance are a top priority at CC Pharma. The basis of our quality management is the legal regulations, especially the GDP and GMP guidelines. We use the latest technological means and qualified personnel to continuously improve our company processes.

Wellness Segment

Our Brands and Products

Our Tilray Wellness segment primarily consists of the Manitoba Harvest branded hemp-based food business, which develops, manufactures, markets and distributes a diverse portfolio of hemp-based food, super seeds, and wellness products under various brands, which include Manitoba Harvest and Just Hemp Foods. Manitoba Harvest products are sold in major retailers across the U.S. and Canada. Tilray Wellness also engages in business-to-business ingredient sales of hemp and other seeds. Tilray Wellness also manufactures, markets, and distributes wellness beverages, including HiBall Energy. HiBall Energy was acquired through Craft Acquisition I and is made with zero sugar, zero calories, and organic caffeine. HiBall's products are all crafted with a proprietary energy blend, consisting of caffeine, guarana, and ginseng.

Our Operations

In our Wellness segment, we own two BRC accredited facilities located in Manitoba, Canada that are dedicated to hemp processing and packaging Manitoba Harvest, Just Hemp Foods and private label products including hulled hemp seeds, hemp oil, and hemp protein.

Distribution

Our Wellness sales consist of hemp and other hemp-based food products, which are sold to retailers, wholesalers, and direct to consumers. We are a leading provider of hemp seeds and related food products that are sold in over 21,000 retail locations in the United States and Canada and available globally in 18 countries.

Regulatory Environment

United States Regulation of Hemp-Based CBD & THC

Hemp products are subject to state and federal regulation with respect to the production, distribution and sale of products intended for human ingestion or topical application. Hemp is categorized as *Cannabis sativa* L., a subspecies of the cannabis genus. Numerous unique, chemical compounds are extractable from Hemp, including CBD and THC. Hemp, as defined in the Agriculture Improvement Act of 2018 (the "2018 Farm Bill"), is distinguishable from marijuana, which also comes from the *Cannabis sativa* L. subspecies, by its absence of more than trace amounts (0.3% or less) of the psychoactive compound delta-9 THC. This definition, as currently in effect, is subject to the federal legislative amendment described below.

The 2018 Farm Bill preserves the authority and jurisdiction of the Food and Drug Administration (the "FDA"), under the Food Drug & Cosmetic Act (the "FD&C Act"), to regulate the manufacture, marketing, and sale of food, drugs, dietary supplements, and cosmetics, including products that contain Hemp extracts and derivatives, such as CBD. As a result, the FD&C Act will continue to apply to Hemp-derived food, drugs, dietary supplements, cosmetics, and devices introduced, or prepared for introduction, into interstate commerce. The 2018 Farm Bill has also enabled production of hemp seed in the U.S. and the FDA issued letters of no objection to the GRAS (Generally Recognized as

Safe) notifications for hulled hemp seeds, hemp seed protein, and hemp seed oil. As a producer and marketer of Hemp-derived products and hemp seed-derived food products, the Company must comply with the FDA regulations applicable to manufacturing and marketing of certain products, including food, dietary supplements, and cosmetics.

As a result of the 2018 Farm Bill, federal law dictates that CBD and THC derived from Hemp is not a controlled substance; however, CBD and THC derived from Hemp may still be considered a controlled substance under applicable state law. Individual states take varying approaches to regulating the production and sale of Hemp and Hemp-derived CBD and THC. Some states explicitly authorize and regulate the production and sale of Hemp-derived CBD and THC or otherwise provide legal protection for authorized individuals to engage in commercial Hemp activities. Other states, however, maintain drug laws that do not distinguish between marijuana and Hemp and/or Hemp-derived CBD or THC which results in Hemp being classified as a controlled substance under certain state laws.

On November 12, 2025, Congress enacted, and the President signed, full-year FY2026 agriculture appropriations legislation (P.L. 119-37) that amends the federal definition of hemp under 7 U.S.C. § 1639o. The legislation replaces the prior 0.3% delta-9 THC standard with a “total THC” standard (inclusive of THCA and other THC isomers) and establishes a new ceiling of no more than 0.4 milligrams of total THC per container for finished Hemp-derived products. The amended definition is scheduled to take effect on November 12, 2026, following a one-year transition period, after which Hemp-derived products exceeding these thresholds would be treated as marijuana, and therefore as controlled substances, under federal law. While the Company’s Hemp seed-derived food products—including hulled hemp seeds, hemp oil, and hemp protein—generally contain only negligible amounts of THC and are expected to remain within the amended definition, the legislation could materially affect the broader market for Hemp-derived CBD and THC products, and the Company continues to evaluate its potential impact on certain of its product lines.

Seasonality

Our sales of craft beer and spirits generally reflect a degree of seasonality, with comparatively higher sales in the summer and the winter holiday season. Typically, the demand for cannabis is fairly consistent throughout the calendar year, with an increase in the pre-roll cannabis category in the Canadian adult-use market during the summer months. Additionally, the demand for our hemp-based food and wellness products is fairly consistent throughout the calendar year, with modestly higher demand for certain natural energy during the warmer months. Therefore, the results for any particular quarter may not be indicative of the results to be achieved for the full year.

Environmental and Social

Environmental

Tilray recognizes the importance of climate change and the potential risks it poses to our business and the environment. We are committed to playing our part in mitigating climate change by monitoring our greenhouse gas (GHG) emissions, minimizing our environmental footprint, and promoting sustainable practices within our operations. We understand that climate change presents both risks and opportunities to our business. As a global lifestyle consumer products company, we recognize that climate-related risks may include changing weather patterns, water scarcity, and regulatory developments related to emissions and energy consumption. These risks can affect our supply chain, cultivation processes, and distribution networks, potentially impacting our financial performance. On the other hand, we see opportunities in adopting sustainable practices, developing innovative solutions, and embracing renewable energy sources. By proactively managing climate-related risks and identifying opportunities, we aim to enhance our resilience, reduce costs, and create long-term value for our shareholders. As such, the Company has implemented several initiatives to address climate change and promote sustainability across our operations which include:

- **GHG Emissions Monitoring:** We are committed to monitoring our GHG emissions by assessing energy-efficient technologies, optimizing transportation logistics, and monitoring our energy consumption.
- **Supply Chain Sustainability:** We are working closely with our suppliers to encourage innovative solutions to improve our environmental footprint. This includes assessing suppliers’ environmental performance, promoting responsible sourcing, and supporting initiatives that enhance sustainability throughout the value chain. Specifically, in our Cannabis business we recently adopted the use of biodegradable Hemp packaging on certain products to reduce the use of single-use plastics.
- **Waste Management:** We have implemented waste management programs to minimize waste generation and promote recycling and reuse. Through these efforts, we strive to reduce our environmental impact and contribute to the circular economy.

Environmental Regulation

Our cannabis, brewing and spirits operations are subject to a variety of federal, state and local environmental laws and regulations and local permitting requirements and agreements regarding, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. In addition, any new products introduced by us are subject to a comprehensive environmental assessment by an independent third-party expert, including an assessment of how such products may create environmental risks.

While we have no reason to believe the operation of our facilities violates any such regulation or requirement, including the Clean Air Act, the Clean Water Act and the Resource Conservation and Recovery Act, environmental regulation is evolving in a manner which may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. If a violation were to occur, or if environmental regulations were to become more stringent in the future, we could be adversely affected.

Social

As a socially responsible corporation, Tilray recognizes the importance of addressing the social dimensions of our operations and their impact on various stakeholders. We actively engage with the communities in which we operate, understanding that our success is intertwined with their well-being. Through donations to the Erie Shores Community Hospital in Leamington, support to our Canadian veterans and other compassionate use cannabis programs, and donations to the Waterkeeper Alliance from Sweetwater's 420 fest, we aim to address local needs and contribute to social development. As well, during the year the Company launched a podcast "Men's Health on Tap" with our Beverage division and renowned doctors to spark conversations and encourage friends, family, and colleagues to discuss men's health openly through awareness, education, and launching outreach activities aimed at increasing men's health literacy.

Our commitment to social responsibility is further evident in the various wellness initiatives undertaken by Manitoba Harvest. These include environmental and community support activities for Earth Month, and partnerships with One Tree Planted and Kiss the Ground. Furthermore, we ensure the sustainability of our practices through donations of dated items to Second Harvest and maintaining the Certified Carbon Neutral status for Fresh Hemp Foods. Fresh Hemp Foods has also been a certified B Corp for 12 years, reflecting our dedication to social and environmental performance, accountability, and transparency. Additionally, our product line boasts seven Regenerative Organic Certified (ROC) SKUs, underscoring our commitment to regenerative agriculture and sustainable practices.

In our facility operations, we also monitor and implement sustainability programs globally to minimize our environmental footprint. These initiatives include comprehensive recycling programs, the installation of an additional solar power plant to supplement our existing one, retrofitting greenhouse lighting from high-pressure sodium (HPS) to LED technology, and substituting natural gas-powered boilers with heat-pumps. These efforts reflect our unwavering commitment to environmental stewardship and sustainable practices.

We strive to help inspire and empower the worldwide community to live their very best life and build long-lasting relationships based on trust and mutual benefit.

Employees and Human Capital Resources

Our Commitments and Values

Our vision and purpose unite, inform and inspire our employees to apply their talents to make a positive difference. We foster a collaborative and dynamic work environment providing all employees with the opportunity to work cross-functionally and easily gain exposure to other teams' diverse opinions and perspectives. We strive for every employee to reach their full potential and grow with Tilray.

We continue to focus on developing a culture of compliance, which includes annual training for the Company's employees on applicable corporate policies, including our Code of Conduct, Insider Trading and Trading Window Policy, Corporate Governance Guidelines and Open Door Policy for Reporting Complaints Regarding Accounting and Auditing Matters.

At Tilray, we recognize that our people are our greatest asset, and we strive to create a workplace that fosters their growth, development, and wellbeing. As of May 31, 2026, we have approximately 3,595 employees worldwide. We

consider relations with our employees to be good and have never experienced work stoppages. Aside from certain of our Cantanhede, Portugal and Portland Oregon employees from the initial Craft Brand acquisition, none of our employees are represented by labor unions or are subject to collective bargaining agreements. As is common for most companies doing business in Portugal, we are subject to a government-mandated collective bargaining agreement which grants employees nominal additional benefits beyond those required by the local labor code.

Our human capital resource management approach is centered on the following key areas:

- ***Talent Acquisition and Development.*** We have implemented a comprehensive talent acquisition and development program to attract, retain, and develop our employees. This includes regular performance assessments, feedback mechanisms, and opportunities for skill-building and career advancement.
- ***Health and Safety.*** We are committed to providing a safe and healthy workplace for all employees. We have implemented strict health and safety protocols, including regular safety training, ergonomic assessments, and mental health support.
- ***Compensation and Benefits.*** We strive to provide competitive compensation and benefits packages that align with industry standards and reflect the value that our employees bring to the organization.
- ***Employee Engagement.*** We prioritize employee engagement and satisfaction, as we believe that engaged employees are more productive, innovative, and committed.

AI and Cryptocurrency Business Strategy

We are dedicated to leveraging advanced technologies to align with our shareholder interests, the consumer of tomorrow, enhancing efficiency and driving growth. We are implementing AI across our global operations to enhance our expertise, optimize processes, achieve substantial improvements, and advance our business objectives. In the cultivation sector, we are utilizing advanced horticulture automation technology throughout our global greenhouse operations. By integrating this technology with AI-driven data insights, we can manage greenhouse conditions in real-time, leading to more efficient operations, increased output, superior quality, and reduced costs for resources such as labor, water, and energy. The Company is also exploring strategic initiatives related to cryptocurrency that align with our business goals.

Available Information

Our website address is www.tilray.com. We file or furnish annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission (“SEC”). You may obtain a copy of any of these reports, free of charge, from the investors section of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains an Internet site that also contains these reports at: www.sec.gov. In addition, copies of our annual report are available, free of charge, on written request to us.

We have a Code of Conduct that applies to our Board of Directors (“Board”) and all of our officers and employees, including, without limitation, our Chief Executive Officer and Chief Financial Officer. You can obtain a copy of our Code of Conduct, as well as our Corporate Governance Guidelines and charters for each of the Board’s standing committees, from the Investors section of our website at: www.tilray.com. If we change or waive any portion of the Code of Conduct that applies to any of our directors, executive officers or senior financial officers, we will disclose such information. Information on our website is not incorporated by reference into this Form 10-K or any other report filed with the SEC.

Item 1A. Risk Factors.

Risks Related to the Cannabis Business

Our cannabis business is dependent upon regulatory approvals and licenses, ongoing compliance and reporting obligations, and timely renewals.

Our ability to cultivate, process, and sell medical and adult-use cannabis, cannabis-derived extracts and derivative cannabis products in Canada is dependent on maintaining the licenses issued to our operating subsidiaries by Health Canada under the Cannabis Regulations, or CR. These licenses allow us to produce cannabis in bulk and finished forms and to sell and distribute such cannabis in Canada. They also allow us to export medical cannabis in bulk and finished form to and from specified jurisdictions around the world, subject to obtaining, for each specific shipment, an export approval from Health Canada and an import approval (or no objection notice) from the applicable regulatory authority in the country to or from which the export or import is being made. These CR licenses and other approvals are valid for fixed periods and we must obtain renewals on a periodic basis. There can be no assurance that existing licenses will be renewed or new licenses obtained on the same or similar terms as our existing licenses, nor can there be any assurance that Health Canada will continue to issue import or export permits on the same terms or on the same timeline, or that other countries will allow, or continue to allow, imports or exports.

We are also required to obtain and maintain certain permits, licenses or other approvals from regulatory agencies in countries and markets outside of Canada in which we operate or to which we export our product, including, in the case of certain countries, the ability to demonstrate compliance with EU-GMP standards. We have received certification of compliance with EU-GMP standards for cultivation and production at Tilray Portugal and Aphria RX in Germany. These GMP certified facilities are subject to extensive ongoing compliance reviews to ensure that we continue to maintain compliance with current GMP standards. There can be no assurance that we will be able to continue to comply with these standards. Additionally, we are in the process of implementing EU-GMP standards at our Quebec cultivation facility and obtaining the related certifications and approvals. There can be no assurance that such certifications, approvals, or licenses will be obtained on a timely basis, or at all. Moreover, future governmental actions in countries where we operate, or import/export products, may limit, delay or altogether restrict the import and/or export of cannabis products.

Any future cannabis production facilities that we operate in Canada or elsewhere will also be subject to separate licensing requirements under the CR or applicable local requirements. Although we believe that we will meet the requirements for future renewals of our existing licenses and obtain requisite licenses for future facilities, there can be no assurance that existing licenses will be renewed or new licenses obtained on the same or similar terms as our existing licenses, nor can there be any assurance that Health Canada will continue to issue import or export permits on the same terms or on the same timeline, or that other countries will allow, or continue to allow, imports or exports. An agency's denial of or delay in issuing or renewing a permit, license or other approval, or revocation or substantial modification of an existing permit, license or approval, could restrict or prevent us from continuing the affected operations, or limit the export and/or import of our cannabis products. In addition, the export and import of cannabis is subject to United Nations treaties establishing country-by-country national estimates and our export and import permits are subject to these estimates which could limit the amount of cannabis we can export to any particular country.

Further, our facilities in Canada and Europe are subject to ongoing inspections by the governing regulatory authority to monitor our compliance with their licensing requirements. Our existing licenses and any new licenses that we may obtain in the future in Canada or other jurisdictions may be revoked or restricted in the event that we are found not to be in compliance. Should we fail to comply with the applicable regulatory requirements or with conditions set out under our licenses, should our licenses not be renewed when required, be renewed on different terms, or be revoked, we may not be able to continue producing or distributing cannabis in Canada or other jurisdictions or to import or export cannabis products. In addition, we may be subject to enforcement proceedings resulting from a failure to comply with applicable regulatory requirements in Canada or other jurisdictions, which could result in damage awards, the suspension, withdrawal or non-renewal of our existing approvals or denial of future approvals, recall of products, the imposition of future operating restrictions on our business or operations or the imposition of fines or other penalties.

Government regulation of the cannabis industry is evolving, including recent regulatory developments in the United States to reschedule cannabis from Schedule I to Schedule III under the Controlled Substances Act or revise the current federal framework under the 2018 Farm Bill for hemp-derived cannabis, including Delta-9, and any unfavorable changes or lack of commercial legalization could impact our ability to carry on our business as currently conducted and the potential expansion of our business.

We operate in a highly regulated and rapidly evolving industry. The successful execution of our business objectives is contingent upon compliance with all applicable laws and regulatory requirements in Canada (including the Cannabis Act and CR), Europe and other jurisdictions, and obtaining all required regulatory approvals for the production, sale, import and export of our cannabis products. The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen. Any amendment to or replacement of existing laws, regulations, guidelines or policies may cause adverse effects to our operations, financial condition, results of operations and prospects.

The federal legislative framework pertaining to the Canadian cannabis market is still very new. In addition, the governments of every Canadian province and territory have implemented different regulatory regimes for the distribution and sale of cannabis for adult-use purposes within those jurisdictions. There is no guarantee that the Canadian legislative framework regulating the cultivation, processing, distribution and sale of cannabis will not be amended or replaced or the current legislation will create the growth opportunities we currently anticipate.

In the United States, despite cannabis having been legalized at the state level for medical use in many states and for adult-use in a number of states, marijuana remains subject to significant federal regulation under the Controlled Substances Act, or the CSA, and the Controlled Substances Import and Export Act, or the CSIEA. Hemp and marijuana both originate from the Cannabis sativa plant and CBD is a constituent of both. In April 2026, the U.S. Department of Justice and the Drug Enforcement Administration, or DEA, issued an order placing certain FDA-approved marijuana products and certain marijuana products regulated pursuant to qualifying state-issued medical marijuana licenses into Schedule III of the CSA. At the same time, the DEA initiated an administrative process to consider whether marijuana more broadly should be transferred from Schedule I to Schedule III. As of the date of this Form 10-K, that broader rescheduling process remains ongoing, and there can be no assurance regarding its timing, outcome, implementation, scope, or ultimate impact on the cannabis industry.

Pursuant to the 2018 Farm Bill, “hemp,” or cannabis and cannabis derivatives containing no more than 0.3% tetrahydrocannabinol, or THC, on a dry-weight basis, is excluded from the statutory definition of “marijuana” and is therefore not a Schedule I controlled substance under the CSA. However, the federal and state regulatory frameworks applicable to hemp and hemp-derived cannabinoids, including CBD, Delta-8 THC, Delta-9 THC, THCA and other cannabinoids, continue to evolve and may be amended, restricted or otherwise modified in ways that could adversely affect our business.

There can be no assurance that the United States will implement broader federal legalization of cannabis or that any future rescheduling of marijuana will occur. Even if marijuana is ultimately transferred to Schedule III under the CSA, marijuana would remain subject to federal regulation and control, and such action may not result in broader commercial legalization, interstate commerce, expanded market access, changes to banking or securities regulations, or modifications to other federal or state laws affecting cannabis businesses. Any delay, modification, reversal or abandonment of rescheduling efforts, or the adoption of new restrictions applicable to hemp-derived cannabinoids, could adversely affect our business, financial condition, results of operations and prospects.

Our ability to expand internationally is also contingent, in part, upon compliance with applicable regulatory requirements enacted by governmental authorities and obtaining all requisite regulatory approvals. We cannot predict the impact of the compliance regime that governmental authorities may implement to regulate the adult-use or medical cannabis industry. Similarly, we cannot predict how long it will take to secure all appropriate regulatory approvals for our products, or the extent of testing and documentation that may be required by governmental authorities. The impact of the various compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, financial condition, results of operations and prospects. As the commercial cannabis industry develops in Canada and other jurisdictions, we anticipate that regulations governing cannabis in Canada and globally will continue to evolve. Further, Health Canada or the regulatory authorities in other countries in which we operate or to which we

export our cannabis products may change their administration or application of the applicable regulations or their compliance or enforcement procedures at any time. There is no assurance that we will be able to comply or continue to comply with applicable regulations, which could impact our ability to continue to carry on business as currently conducted and the potential expansion of our business.

We currently incur and will continue to incur ongoing costs and obligations related to regulatory compliance. A failure on our part to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on our business or operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Competition from the illicit cannabis market could impact our ability to succeed.

We face competition from illegal market operators that are unlicensed and unregulated including illegal dispensaries and illicit market suppliers selling cannabis and cannabis-based products. As these illegal market participants do not comply with the regulations governing the cannabis industry, their operations may have significantly lower costs. The perpetuation of the illegal market for cannabis may have a material adverse effect on our business, results of operations, as well as the perception of cannabis use. Furthermore, given the restrictions on regulated cannabis retail, it is possible that legal cannabis consumers revert to the illicit market as a matter of convenience.

Our production and processing facilities are integral to our business and adverse changes or developments affecting our facilities may have an adverse impact on our business.

Our cultivation and processing facilities are integral to our business and the licenses issued by applicable regulatory authorities are specific to each of these facilities. Adverse changes or developments affecting these facilities, including, but not limited to, disease or infestation of our crops, a fire, an explosion, a power failure, a natural disaster, extreme weather conditions, water availability, an epidemic, pandemic or other public health crisis, or a material failure of our security infrastructure, could reduce or require us to entirely suspend operations at the affected facilities.

A significant failure of our site security measures and other facility requirements, including failure to comply with applicable regulatory requirements, could have an impact on our ability to continue operating under our facility licenses and our prospects of renewing our licenses, and could also result in a suspension or revocation of these licenses.

We face intense competition, and anticipate competition will increase, which could hurt our business.

We face, and we expect to continue to face, intense competition from other Licensed Producers and other potential competitors, some of which have longer operating histories and more financial resources than we have. In addition, we anticipate that the cannabis industry will continue to undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities and product offerings that may be greater than ours. As a result of this competition, we may be unable to maintain our operations or develop them as currently proposed, on terms we consider acceptable, or at all.

Health Canada has issued approximately a thousand licenses for Licensed Producers. The number of licenses granted and the number of Licensed Producers ultimately authorized by Health Canada could have an adverse impact on our ability to compete for market share in Canada. We expect to face additional competition from new market entrants and may experience downward price pressure on our cannabis products as new entrants increase production. If the number of users of cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies.

Our commercial opportunity in the medical and adult-use markets could also be impacted if our competitors produce and commercialize products that, among other things, are safer, more effective, more convenient or less expensive than the products that we may produce, have greater sales, marketing and distribution support than our products, enjoy enhanced timing of market introduction and perceived effectiveness advantages over our products and receive more favorable publicity than our products. To remain competitive, we intend to continue to invest in research and development, marketing and sales and client support. We may not have sufficient resources to maintain research and development, marketing and sales and client support efforts on a competitive basis.

In addition to the foregoing, the legal landscape for medical and adult-use cannabis is changing internationally. We maintain operations outside of Canada, which may be affected as other countries develop, adopt and change their laws

related to medical and adult-use cannabis. Increased international competition, including competition from suppliers in other countries who may be able to produce at lower cost, and limitations placed on us by the countries in which we participate or other regulations, might lower the demand for our cannabis products on a global scale.

The cannabis industry and market are relatively new and evolving, which could impact our ability to succeed in this industry and market.

We are operating our business in a relatively new industry and market that is expanding globally, and our success depends on our ability to attract and retain consumers and patients. There are many factors which could impact our ability to attract and retain consumers and patients, including but not limited to brand awareness, our ability to continually produce desirable and effective cannabis products and the ability to bring new consumers and patients into the category. The failure to acquire and retain consumers and patients could have a material adverse effect on our business, financial condition, results of operations and prospects.

To remain competitive, we will continue to innovate new products, build brand awareness and make significant investments in our business strategy and production capacity. These investments include introducing new products into the markets in which we operate, adopting quality assurance protocols and procedures, building our international presence and undertaking research and development. These activities may not promote our products as effectively as intended, or at all, and we expect that our competitors will undertake similar investments to compete with us for market share. Competitive conditions, consumer preferences, regulatory conditions, patient requirements, prescribing practices, and spending patterns in this industry and market are relatively unknown and may have unique characteristics that differ from other existing industries and markets and that cause our efforts to further our business to be unsuccessful or to have undesired consequences. As a result, we may not be successful in our efforts to attract and retain customers or to develop new cannabis products and produce and distribute these products in time to be effectively commercialized, or these activities may require significantly more resources than we currently anticipate in order to be successful.

Regulations constrain our ability to market and distribute our products in Canada and Europe.

In Canada and Europe, there are significant regulatory restrictions on the marketing, branding, product formats, product composition, packaging, and distribution of adult-use cannabis products. For instance, the CR includes a requirement for health warnings on product packaging, the limited ability to use logos and branding (only one brand name and one brand element per package), restrictions on packaging itself, and restrictions on types and avenues of marketing. Cannabis 2.0 regulations, which govern the production and sale of new classes or forms of cannabis products (including vapes and edibles), impose considerable restrictions on product composition, labeling, and packaging in addition to being subject to similar marketing restrictions as existing form factors.

Further, each province and territory of Canada has the ability to separately regulate the distribution of cannabis within such province or territory (including the legal age), and the rules and regulations adopted vary significantly. Additional marketing and product composition restrictions have been imposed by some provinces and territories. Such federal and provincial restrictions may impair our ability to differentiate our products and develop our adult-use brands. Some provinces and territories also impose significant restrictions on our ability to merchandise products; for example, some provinces impose restrictions on investment in retailers or distributors as well as in our ability to negotiate for preferential retail space or in-store marketing. If we are unable to effectively market our products and compete for market share, our sales and results of operations may be adversely affected.

Research regarding the health effects of cannabis is in relatively early stages and subject to further study which could impact demand for cannabis products.

Research and clinical trials on the potential benefits and the short-term and long-term effects of cannabis use on human health remains in relatively early stages and there is limited standardization. As such, there are inherent risks associated with using cannabis and cannabis derivative products. Moreover, future research and clinical trials may draw opposing conclusions to statements contained in articles, reports and studies we relied on or could reach different or negative conclusions regarding the benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for our products.

United States regulations relating to cannabinoid products, including CBD, Delta-9 THC, THCA and other cannabinoids, are rapidly evolving, and recent federal and state legislative developments may materially restrict or eliminate certain product categories and adversely affect our business objectives.

Our participation in the market for hemp-derived cannabinoid products, including products containing CBD, Delta-9 THC, THCA and other cannabinoids, and medical cannabis products in the United States and elsewhere may

require us to employ novel approaches to existing regulatory pathways. The legal and regulatory framework governing such products continues to evolve at the federal, state and local levels, and regulators may adopt interpretations, requirements or enforcement positions that differ significantly from industry expectations. We cannot predict whether future legislation, regulations, agency guidance or enforcement priorities will support, restrict or prohibit the manufacturing, distribution, marketing or sale of hemp-derived cannabinoid products. The adoption of new regulatory requirements or the expansion of enforcement activities could require significant operational changes, increase compliance costs, limit product offerings, or adversely affect our ability to compete in these markets.

The hemp plant and the cannabis/marijuana plant are both part of the same *Cannabis sativa* species. Although hemp has historically been defined under federal law based primarily on Delta-9 THC concentration, Congress enacted legislation in 2025 that is scheduled to become effective in November 2026 and that materially revises the federal definition of hemp. Among other things, the legislation replaces the prior Delta-9 THC standard with a broader total-THC standard that includes THCA and certain other cannabinoids, imposes strict limits on THC content in finished consumable products and excludes certain synthetic or converted cannabinoids from the federal hemp framework. As a result, numerous hemp-derived cannabinoid products that are currently manufactured, marketed or sold as federally lawful hemp products, including certain Delta-9 THC, THCA and similar products, may no longer qualify as hemp under federal law after the legislation becomes effective.

There can be no assurance that our existing or future products will continue to qualify for sale under applicable federal, state or local laws, or that we will be able to reformulate products, modify manufacturing processes, adjust marketing practices or otherwise adapt our operations in a commercially reasonable manner. Further, the implementation, interpretation and enforcement of the new federal requirements remain uncertain and may be subject to agency rulemaking, administrative action, litigation, judicial review or additional legislative changes. These developments could create operational uncertainty, increase compliance costs, limit market access and adversely affect consumer demand.

In addition, hemp-derived cannabinoid products remain subject to regulation by the FDA as well as state and local authorities. The FDA has previously taken the position that certain products containing CBD or THC may not be marketed as conventional foods, beverages or dietary supplements under certain circumstances and may expand or modify its enforcement activities in the future. State and local governments have adopted, and continue to adopt, widely varying requirements governing the cultivation, manufacture, distribution, sale, labeling, marketing and possession of hemp-derived cannabinoid products. Such requirements may include product registration obligations, potency limitations, age restrictions, testing requirements, licensing requirements, channel-of-trade restrictions or outright prohibitions on certain products or cannabinoids. Compliance with these evolving requirements may be costly and burdensome and may require us to discontinue, reformulate or restrict the distribution of certain products.

The regulation of hemp-derived cannabinoid products in the United States continues to evolve rapidly, and violations of applicable federal, state or local laws could result in warning letters, product seizures, recalls, fines, penalties, injunctions, license restrictions, administrative sanctions, civil litigation or criminal enforcement actions. Unforeseen regulatory developments, compliance obligations or market restrictions may materially adversely affect our business, financial condition, results of operations and prospects.

Risks related to the Beverage Business

Changes in consumer preferences or public attitudes about alcohol could decrease demand for our beverage products.

If general consumer trends lead to a decrease in the demand for our beers and other alcohol products or Breckenridge's whiskey products, including craft beer, our sales and results of operations in the beverage segment may be adversely affected. There is no assurance that the craft brewing segment will experience growth in future periods. If the markets for wine, spirits or flavored alcohol beverages continue to grow, this could draw consumers away from the industry in general and our beverage products specifically.

Further, the beverage industry is subject to public concern and political attention over alcohol-related social problems, including drunk driving, underage drinking and health consequences from the misuse of alcohol. In reaction to these concerns, steps may be taken to restrict advertising, to impose additional cautionary labeling or packaging requirements, or to increase excise or other taxes on beverage products. Any such developments may have an adverse impact on the financial condition, operating results and cash flows for our beverage businesses.

Developments affecting production sites, including at our breweries or our distillery in Breckenridge, could negatively impact financial results for our beverage business segment.

Adverse changes or developments affecting our beer production sites, or our distillery in Breckenridge, including, fire, power failure, natural disaster, public health crisis, or a material failure of our security infrastructure, could reduce or require us to entirely suspend operations. Additionally, due to many factors, including seasonality and production schedules of our various products and packaging, actual production capacity may fluctuate throughout the year and may not reach full working capacity. If we experience contraction in our sales and production volumes, the excess capacity and unabsorbed overhead may have an adverse effect on gross margins, operating cash flows and overall financial performance of our beverage businesses.

Our ability to complete the BrewDog U.S. acquisition is subject to regulatory approvals, and we may face risks associated with integrating all of the acquired BrewDog businesses.

The completion of our proposed acquisition of BrewDog's U.S. assets is dependent on receipt of certain regulatory approvals. There can be no assurance that such approvals will be obtained on a timely basis or at all, or that they will not include conditions that could delay or otherwise adversely affect the anticipated benefits of the transaction. In addition, we will be subject to risks commonly associated with integrating acquired businesses, including difficulties integrating operations, systems and controls; challenges in retaining customers; and potential disruptions to ongoing business activities. The integration process of BrewDog's operations may require significant management attention and financial resources and may not achieve the anticipated synergies or strategic benefits within the expected timeframes. Any of these factors could adversely affect our business, financial condition, and results of operations.

Sweetwater, Breckenridge, Montauk, BrewDog and our other recently-acquired craft beverage brands portfolio each face substantial competition in the beer industry and the broader market for alcoholic beverage products, which could impact our business and financial results.

The market for alcoholic beverage products within the United States is highly competitive due to the increasing number of domestic and international beverage companies with similar pricing and target drinkers, the introduction and expansion of hard seltzers and ready-to-drink beverages, gains in market share achieved by domestic specialty beers and imported beers, and the acquisition of craft brewers and smaller producers by larger companies. We anticipate competition among domestic craft brewers and distillers will also remain strong as existing facilities build more capacity, expand geographically and add more products, flavors and styles. The continued growth in the sales of hard seltzers, craft-brewed domestic beers and imported beers is expected to increase competition in the market for alcoholic beverages within the United States and, as a result, prices and market share of Breckenridge's and our other craft brands' products may fluctuate and possibly decline.

The alcohol industry has seen continued consolidation among producers in order to take advantage of cost savings opportunities for supplies, distribution and operations. Due to the increased leverage that these combined operations have in distribution and sales and marketing expenses, the costs to Breckenridge and our other craft brands of competing could increase. The potential also exists for these large competitors to increase their influence with their distributors, making it difficult for smaller producers to maintain their market presence or enter new markets. The increase in the number and availability of competing products and brands, the costs to compete and potential decrease in distribution support and opportunities may adversely affect our business and financial results.

Sweetwater, Breckenridge, Montauk, BrewDog and our other recently-acquired craft beverage brands portfolio are each dependent on distributors to deliver sustained growth and distribute products.

In the United States, each of SweetWater, Breckenridge, Montauk, BrewDog and our other craft brands sells its beverages to independent distributors for distribution to retailers and, ultimately, to consumers. No assurance can be given that SweetWater, Breckenridge, Montauk and our other craft brands will be able to maintain their current distribution networks or secure additional distributors on favorable terms. If existing distribution agreements are terminated, it may not be possible to enter into new distribution agreements on substantially similar terms or to timely put in place replacement distribution agreements, which may result in an impairment to distribution and an increase in the costs of distribution.

Risks Related to Ongoing Litigation Claims

We are subject to litigation, arbitration and demands, which could result in significant liability and costs, and impact our resources and reputation.

Tilray has previously been named as a defendant in multiple class-action cases, including securities litigation claims against its predecessor (Aphria) in the U.S. that remain ongoing. In addition, legal proceedings covering a wide range of matters are pending or threatened in various U.S. and foreign jurisdictions against the Company. The types of claims that may be raised in these proceedings include derivative litigation, securities class actions, contractual disputes, product liability, unfair trade practices, antitrust, tax, contraband shipments, patent infringement, employment matters, claims for contribution and claims of competitors, shareholders or distributors. Litigation is subject to uncertainty and it is possible that there could be adverse developments in pending or future cases.

We are also subject to other litigation and demands relating to business decisions, regulatory and industry changes, supply relationships, data privacy and cybersecurity incidents, product marketing and labeling practices, intellectual property rights, and acquisition, disposition and integration activities. In addition, Tilray and its subsidiaries are involved from time to time in formal and informal investigations, examinations, audits and proceedings conducted by governmental, regulatory and self-regulatory authorities in the jurisdictions in which we operate. Such matters may result in adverse judgments, settlements, fines, penalties, injunctions, consent orders, license restrictions, increased compliance obligations, operational limitations or other forms of relief.

Litigation, investigations and regulatory proceedings are costly, time-consuming and may divert the attention of management and other personnel from the operation of our business. The outcome of legal and regulatory matters is inherently difficult to predict, and our accruals and insurance coverage may prove inadequate to cover actual liabilities. Even where we believe claims lack merit, we may nevertheless incur substantial legal fees, expert costs, settlement expenses and other expenditures. Any adverse determination, settlement or regulatory action could materially adversely affect our business, financial condition, results of operations, cash flows and reputation.

We have incurred, and expect to continue to incur, significant legal, professional and compliance costs associated with the defense, investigation and resolution of these matters. Any adverse judgment, settlement or enforcement action, or the costs of defending such matters, could have a material adverse effect on our business, financial condition, results of operations and cash flows. For more information on our pending legal proceedings, see “Part I, Item 3. Legal Proceedings”.

General Business Risks and Risks Related to Our Financial Condition and Operations

The Company’s business may be materially adversely affected by the imposition of duties and tariffs and other trade barriers and retaliatory countermeasures implemented by the U.S. and other governments.

Recently there have been significant changes to U.S. trade policies, sanctions, legislation, treaties and tariffs, including, but not limited to, trade policies and tariffs affecting products from outside of the U.S. For example, in early 2025, the current U.S. presidential administration announced significant new tariffs on foreign imports into the U.S., specifically from Mexico and Canada, and has proposed additional new tariffs that may be implemented in the future. The extent and duration of increased tariffs and the resulting impact on general economic conditions and on our business are uncertain and depend on various factors, such as negotiations between the U.S. and affected countries, the responses of other countries or regions, exemptions or exclusions that may be granted, availability and cost of alternative sources of supply, and demand for our products in affected markets. Any new or additional tariffs on goods imported to the U.S. from Mexico, Canada, or other countries, or products imported into the European Union or other non-U.S. markets, could also increase the cost of some of our products and reduce our margins. In response to the tariffs, the Company may seek to increase prices to its customers, which may diminish demand for its products. The imposition of additional tariffs or other trade barriers could increase our costs in certain markets and may cause our customers to find alternative sourcing or could make it more difficult for us to sell our products in some markets. Other countries where we operate or sell our products have changed, and may continue to change, their own policies on trade as well as business and foreign investment in their respective countries. Additionally, it is possible that U.S. policy changes and uncertainty about such changes could increase market volatility and currency exchange rate fluctuations. As a result of these dynamics, we cannot predict the impact to our business of any future changes to the U.S.’s or other countries’ trading relationships or the impact of new laws or regulations adopted by the U.S. or other countries.

Additional impairments of our goodwill, additional impairments of our intangible and other long-lived assets, and changes in the estimated useful lives of intangible assets could have a material adverse impact on our financial results.

Goodwill, intangible and other long-lived assets comprise a significant portion of our total assets. As of May 31, 2026 our goodwill and intangible assets totaled \$752.4 million and \$42.8 million, respectively. We test goodwill for impairment annually, while our other long-lived assets, including our finite-lived intangible assets, are tested for impairment when circumstances indicate that the carrying amount may not be recoverable, in accordance with Generally Accepted Accounting Principles in the U.S. (“GAAP”). A further decrease in our market capitalization or profitability, or unfavorable changes in market, economic or industry conditions could increase the risk of additional impairment. Any resulting additional impairments could have a negative impact on our stock price.

We will continue to monitor key assumptions and other factors utilized in our goodwill, intangible and other long-lived assets impairment analysis, and if business or other market conditions develop that are materially different than we currently anticipate, we will conduct an additional impairment evaluation. Any additional reductions in or impairments of the value of goodwill, intangible assets and long-lived assets will result in an additional charge against earnings, which would have a material adverse impact on our reported financial results.

We have a limited operating history and a history of net losses, and we may not achieve or maintain profitability in the future.

We began operating in 2014 and have yet to generate a profit. We intend to continue to expend funds to explore potential opportunities and complete strategic mergers and acquisitions, invest in research and development, expand our marketing and sales operations and meet the compliance requirements as a public company.

Our efforts to grow our business may be more costly than we expect and we may not be able to increase our revenue enough to offset higher operating expenses. We may incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described herein and other unknown events. The amount of future net losses will depend, in part, on the growth of our future expenses and our ability to generate revenue. If we continue to incur losses in the future, the net losses and negative cash flows incurred to date, together with any such future losses, will have an adverse effect on our stockholders’ equity and working capital. Because of the numerous risks and uncertainties associated with producing and selling cannabis and beverage products, as outlined herein, we are unable to accurately predict when, or if, we will be able to achieve profitability. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. If we are unable to achieve and sustain profitability, the market price of our common stock may significantly decrease and our ability to raise capital, expand our business or continue our operations may be impaired.

We are exposed to risks relating to the laws of various countries as a result of our international operations.

We currently conduct operations in multiple countries and plan to expand these international operations. As a result of our operations, we are exposed to various levels of political, economic, legal and other risks and uncertainties associated with operating in or exporting to these jurisdictions. These risks and uncertainties include, but are not limited to, changes in the laws, regulations and policies governing the production, sale and use of our products, political instability, instability at the United Nations level, currency controls, fluctuations in currency exchange rates and rates of inflation, labor unrest, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation and changing political conditions and governmental regulations relating to foreign investment and the cannabis business more generally.

Changes, if any, in the laws, regulations and policies relating to the advertising, production, sale and use of our products or in the general economic policies in these jurisdictions, or shifts in political attitude related thereto, may adversely affect the operations, or profitability of our operations, in these countries. As we explore novel business models, such as global co-branded products, cannabinoid clinics and cannabis retail, international regulations will become increasingly challenging to manage. Specifically, our operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on advertising, production, price controls, export controls, controls on currency remittance, increased income taxes, restrictions on foreign investment, land and water use restrictions and government policies rewarding contracts to local competitors or requiring domestic producers or vendors to purchase supplies from a particular jurisdiction. Failure to comply strictly with applicable laws, regulations and local practices could result in additional taxes, costs, civil or criminal fines or penalties or other expenses being levied on our international operations, as well as other potential adverse consequences such as the loss of necessary permits or governmental approvals.

Furthermore, there is no assurance that we will be able to timely secure the requisite import and export permits for the international distribution of our products. Countries may also impose restrictions or limitations on imports that require the use of, or confer significant advantages upon, producers within that particular country. As a result, we may be required to establish facilities in one or more countries in the EU (or elsewhere) where we wish to distribute our products in order to take advantage of the favorable legislation offered to producers in these countries.

We are required to comply concurrently with all applicable laws in each jurisdiction where we operate or to which we export our products, and any changes to such laws could adversely impact our business.

Various federal, state, provincial and local laws and regulations govern our business in the jurisdictions in which we operate or propose to operate, and in which we export or propose to export our products. Such laws and regulations include those relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of our products and of certain material used in our operations. In many cases, we must concurrently comply with complex federal, provincial, state and/or local laws in multiple jurisdictions. These laws change frequently and may be difficult to interpret and apply. Compliance with these laws and regulations requires the investment of significant financial and managerial resources, and a determination that we are not in compliance with any of these laws and regulations could harm our brand image and business. Moreover, it is impossible for us to predict the cost or effect of such laws, regulations or guidelines upon our future operations. Changes to these laws or regulations could negatively affect our competitive position within our industry and the markets in which we operate, and there is no assurance that various levels of government in the jurisdictions in which we operate will not pass legislation or regulation that adversely impacts our business.

Our strategic alliances and other third-party business relationships may not achieve the intended beneficial impact and expose us to risks.

We currently have, and may adjust the scope of, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete further strategic alliances is dependent upon, and may be limited by, among other things, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance our business or profitability and may involve risks that could adversely affect us, including the investment of significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. We may become dependent on our strategic partners and actions by such partners could harm our business. Future strategic alliances could result in the incurrence of debt, impairment charges, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all.

We may not be able to successfully identify and execute future acquisitions, dispositions or other equity transactions or to successfully manage the impacts of such transactions on our operations.

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) the potential disruption of our ongoing business; (ii) the distraction of management away from the ongoing oversight of our existing business activities; (iii) incurring additional indebtedness; (iv) the anticipated benefits and cost savings of those transactions not being realized fully, or at all, or taking longer to realize than anticipated; (v) an increase in the scope and complexity of our operations; (vi) the loss or reduction of control over certain of our assets; and (vii) capital stock or cash to pay for the acquisition. Material acquisitions and strategic transactions have been and continue to be material to our business strategy. There can be no assurance that we will find suitable opportunities for strategic transactions at acceptable prices, have sufficient capital resources to pursue such transactions, be successful in negotiating required agreements, or successfully close transactions after signing such agreements. There is no guarantee that any acquisitions will be accretive, or that past or future acquisitions will not result in additional impairments or write downs.

The existence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition could result in our incurring those liabilities. A strategic transaction may result in a significant change in the nature of our business, operations and strategy, and we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our operations.

We are subject to risks inherent in an agricultural business, including the risk of crop failure.

We grow cannabis, which is an agricultural process. As such, our business is subject to the risks inherent in the agricultural business, including risks of crop failure presented by weather, climate change, forest fires, insects, plant

diseases and similar agricultural risks. Although we primarily grow our products indoors under climate-controlled conditions, we also have certain outdoor cultivation capacity and there can be no assurance that natural elements, such as insects, climate change and plant diseases, will not interrupt our production activities or have an adverse effect on our business.

We depend on significant customers for a substantial portion of our revenue. If we fail to retain or expand our customer relationships or significant customers reduce their purchases, our revenue could decline significantly.

We derive a significant portion of revenue from the supply contracts we have with 12 Canadian provinces and territories for adult-use cannabis products. There are many factors which could impact our contractual agreements with the provinces and territories, including but not limited to availability of supply, product selection and the popularity of our products with retail customers. If our supply agreements with certain Canadian provinces and territories are amended, terminated or otherwise altered, our sales and results of operations could be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, not all of our supply contracts with the Canadian provinces and territories contain purchase commitments or otherwise obligate the provincial or territorial wholesaler to buy a minimum or fixed volume of cannabis products from us. The amount of cannabis that the provincial or territorial wholesalers may purchase under the supply contracts may therefore vary from what we expect or planned for. As a result, our revenues could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial or territorial wholesalers. In the future, these customers may decide to purchase less product from us than they have in the past, may alter purchasing patterns or return inventory, or may decide not to continue to purchase our products, any of which could cause our revenue to decline materially and materially harm our financial condition and results of operations. If we are unable to diversify our customer base, we will continue to be susceptible to risks associated with customer concentration.

We may be unable to attract or retain key personnel, and we may be unable to attract, develop and retain additional employees required for our development and future success.

Our success is largely dependent on the performance of our management team and certain employees and our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The loss of the services of any key personnel, or an inability to attract other suitably qualified persons when needed, could prevent us from executing on our business plan and strategy, and we may be unable to find adequate replacements on a timely basis, or at all.

Further, officers, directors, and certain key personnel at each of our facilities that are licensed by Health Canada are subject to the requirement to obtain and maintain a security clearance from Health Canada under the CR. Moreover, under the CR, an individual with security clearance must be physically present on site when other individuals are conducting activities with cannabis. Under the CR, a security clearance is valid for a limited time and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by an individual in a key operational position to maintain or renew his or her security clearance could result in a reduction or complete suspension of our operations. In addition, if an individual in a key operational position leaves us, and we are unable to find a suitable replacement who is able to obtain a security clearance required by the CR in a timely manner, or at all, we may not be able to conduct our operations at planned production volume levels or at all.

The CR also requires us to designate a qualified individual in charge who is responsible for supervising activities relating to the production of study drugs for clinical trials, which individual must meet certain educational and security clearance requirements. If our current designated qualified person in charge fails to maintain their security clearance, or leaves us and we are unable to find a suitable replacement who meets these requirements, we may no longer be able to continue our clinical trial activities.

Increased labor costs, potential organization of our workforce, employee strikes, work stoppages, and other labor-related disruption may adversely affect our business, financial conditions and operations.

Outside Portugal and Portland, Oregon, none of our employees are represented by a labor union or subject to a collective bargaining agreement. In Portugal, none of our employees are represented by a labor union or subject to any workforce-initiated labor agreement. As with other companies carrying on business in Portugal, we are subject to a

government-mandated collective bargaining agreement, which grants employees nominal additional benefits beyond those required by the local labor code. We cannot assure that our labor costs going forward will remain competitive based on various factors, such as: (i) our workforce may organize in the future and labor agreements may be put in place that have significantly higher labor rates and company obligations; (ii) our competitors may maintain significantly lower labor costs, thereby reducing or eliminating our comparative advantages vis-à-vis one or more of our competitors or the larger industry; and (iii) our labor costs may increase in connection with our growth. In Portland, Oregon, employees voted to ratify a three-year collective bargaining agreement that covers approximately 50 full-time and part-time employees.

Our unionized workforces could adversely impact our competitiveness and therefore adversely affect our business, financial condition, results of operations and cash flows. The further unionization of a greater portion of our workforce could also negatively impact our ability to run our business in the most efficient manner to remain competitive.

Significant interruptions in our access to certain supply chains for key inputs such as raw materials, aluminum, supplies, electricity, water and other utilities may impair our operations.

Our business is dependent on a number of key inputs and their related costs (certain of which are sourced in other countries and on different continents), including raw materials, aluminum, supplies and equipment related to our operations, as well as electricity, water and other utilities. We operate global manufacturing facilities, and have dispersed suppliers and customers. Governments may regulate or restrict the flow of labor or products, and the Company's operations, suppliers, customers and distribution channels could be severely impacted. While we have not experienced any material supply chain disruptions, any significant future governmental-mandated or market-related interruption, price increase or negative change in the availability or economics of the supply chain for key inputs and, in particular, rising or volatile energy costs could curtail or preclude our ability to continue production. In addition, our operations would be significantly affected by a prolonged power outage.

Our ability to compete is dependent on us having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that we will be successful in maintaining our required supply of labor, equipment, parts and components. In addition, the invasion of Ukraine by Russia, the hostilities in Iran, and the resulting measures that have been taken, and could be taken in the future, have and may continue to have a negative impact on our costs, including for input materials, energy and transportation.

We may be negatively impacted by volatility in the political and economic environment, and a period of sustained inflation across the markets in which we operate could result in higher operating costs.

Trade, monetary and fiscal policies, and political and economic conditions may substantially change, and credit markets may experience periods of constriction and variability. These conditions may impact our business. Further rising inflation may negatively impact our business, raise cost and reduce profitability. While we would take actions, wherever possible, to reduce the impact of the effects of inflation, in the case of sustained inflation across several of the markets in which we operate, it could become increasingly difficult to effectively mitigate the increases to our costs. In addition, the effects of inflation on consumers' budgets could result in the reduction of our customers' spending habits. If we are unable to take actions to effectively mitigate the effect of the resulting higher costs, our profitability and financial position could be negatively impacted.

We face risks associated with the transportation of our products to consumers in a safe and efficient manner.

We depend on fast, cost-effective, and efficient courier services to distribute our products to both wholesale and retail customers. Any prolonged disruption of third-party transportation services could have a material adverse effect on our sales volumes or satisfaction with our services. Rising costs associated with third-party transportation services used by us to ship our products may also adversely impact our profitability, and more generally our business, financial condition and results of operations. Further, geopolitical events and regional instability, including in the Middle East, may result in increased freight costs, shipping delays, and supply chain disruptions.

The security of our products during transportation to and from our facilities is of the utmost concern. A breach of security during transport or delivery could result in the loss of high-value product and forfeiture of import and export approvals, since such approvals are shipment specific. Any failure to take steps necessary to ensure the safekeeping of our cannabis products could also have an impact on our ability to continue supplying provinces and territories, to continue operating under our existing licenses, to renew or receive amendments to our existing licenses or to obtain new licenses.

Our products may be subject to recalls for a variety of reasons, which could require us to expend significant management and capital resources.

Manufacturers and distributors of cannabis, hemp and beverage products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, adulteration, unintended harmful side effects or interactions with other substances, packaging safety, and inadequate or inaccurate labeling disclosure. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. If any of the products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. As a result of any such recall, we may lose a significant amount of sales and may not be able to replace those sales at an acceptable gross profit or at all. In addition, a product recall may require significant management attention or damage our reputation and goodwill or that of our products or brands.

Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Any product recall affecting the cannabis industry more broadly, whether or not involving us, could also lead consumers to lose confidence in the safety and security of cannabis products generally, including products sold by us.

We may be subject to product liability claims or regulatory action. This risk is exacerbated by the fact that cannabis use may increase the risk of serious adverse side effects.

As a manufacturer and distributor of products, which are ingested by humans, we face the risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused loss or injury. We may be subject to these types of claims due to allegations that our products caused or contributed to injury or illness, failed to include adequate instructions for use or failed to include adequate warnings concerning possible side effects or interactions with other substances. This risk is exacerbated by the fact that cannabis use may increase the risk of developing schizophrenia and other psychoses, symptoms for individuals with bipolar disorder, and other side effects. Furthermore, we are as of the date of this Form 10-K offering an expanded assortment of form factors, some of which may have additional adverse side effects, such as vaping products. See also Risk Factor “*Our vape business is subject to uncertainty in the evolving vape market due to negative public sentiment and regulatory scrutiny.*” Previously unknown adverse reactions resulting from human consumption of cannabis or beverage products alone or in combination with other medications or substances could also occur.

In addition, the manufacture and sale of our products, like the manufacture and sale of any ingested product, involves a risk of injury to consumers due to tampering by unauthorized third parties or product contamination. We have in the past recalled, and may again in the future have to recall, certain products as a result of potential contamination and quality assurance concerns. A product liability claim or regulatory action against us could result in increased costs and could adversely affect our reputation and goodwill with our customers and consumers generally. There can be no assurance that we will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could result in us becoming subject to significant liabilities that are uninsured and adversely affect our commercial arrangements with third parties.

We, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer or investor perception.

We believe that the cannabis industry is highly dependent upon positive consumer and investor perception regarding the benefits, safety, efficacy and quality of the cannabis distributed to consumers. The perception of the cannabis industry and cannabis products, currently and in the future, may be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements, media attention and other publicity (whether or not accurate or with merit) both in Canada and in other countries relating to the consumption of cannabis products, including unexpected safety or efficacy concerns arising with respect to cannabis products or the activities of industry participants. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any

particular cannabis product or will be consistent with earlier publicity. Adverse scientific research reports, findings and regulatory proceedings that are, or litigation, media attention or other publicity that is, perceived as less favorable than, or that questions, earlier research reports, findings or publicity (whether or not accurate or with merit) could result in a significant reduction in the demand for our products. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could adversely affect us. This adverse publicity could arise even if the adverse effects associated with cannabis products resulted from consumers' failure to use such products legally, appropriately or as directed.

Failure to comply with safety, health and environmental regulations applicable to our operations and industry may expose us to liability and impact operations.

Safety, health and environmental laws and regulations affect nearly all aspects of our operations, including product development, working conditions, waste disposal, emission controls, the maintenance of air and water quality standards and land reclamation, and, with respect to environmental laws and regulations, impose limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Compliance with GMP requires satisfying additional standards for the conduct of our operations and subjects us to ongoing compliance inspections in respect of these standards in connection with our GMP certified facilities. Compliance with safety, health and environmental laws and regulations can require significant expenditures, and failure to comply with such safety, health and environmental laws and regulations may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, the imposition of clean-up costs resulting from contaminated properties, the imposition of damages and the loss of or refusal of governmental authorities to issue permits or licenses to us or to certify our compliance with GMP standards. Exposure to these liabilities may arise in connection with our existing operations, our historical operations and operations that we may undertake in the future. We could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurance that we will at all times be in compliance with all safety, health and environmental laws and regulations notwithstanding our attempts to comply with such laws and regulations.

In addition, government environmental approvals and permits are currently, and may in the future be required in connection with our operations. To the extent such approvals are required and not obtained, we may be curtailed or prohibited from its proposed business activities or from proceeding with the development of our operations as currently proposed. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. We may be required to compensate those suffering loss or damage due to our operations and may have civil or criminal fines or penalties imposed for violations of applicable environmental laws or regulations.

Changes in applicable safety, health and environmental standards may impose stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. We are not able to determine the specific impact that future changes in safety, health and environmental laws and regulations may have on our industry, operations and/or activities and our resulting financial position; however, we anticipate that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent safety, health and environmental laws and regulations. Further changes in safety, health and environmental laws and regulations, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits in relation thereto, may require increased compliance expenditures by us.

We may experience breaches of security at our facilities, which could result in product loss and liability.

Because of the nature of our products and the limited legal channels for distribution, as well as the concentration of inventory in our facilities, we are subject to the risk of theft of our products and other security breaches. A security breach at any one of our facilities could result in a significant loss of available products, expose us to additional liability under applicable regulations and to potentially costly litigation or increase expenses relating to the resolution and future prevention of similar thefts, any of which could have an adverse effect on our business, financial condition and results of operations.

We may be subject to risks related to our information technology systems, including service interruption, cyber-attacks and misappropriation of data, which could disrupt operations and may result in financial losses and reputational damage.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology, or IT, services in connection with our operations. Our operations depend, in part, on how well we and our vendors protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism, theft, malware, ransomware and phishing attacks. We are increasingly reliant on Cloud-based systems for economies of scale and our mobile workforce, which could result in increased attack vectors or other significant disruptions to our work processes. Any of these and other events could result in IT system failures, delays or increases in capital expenses. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment and IT systems and software, as well as preemptive expenses to mitigate the risks of failures. The failure of IT systems or a component of IT systems could, depending on the nature of any such failure, adversely impact our reputation and results of operations.

There are a number of laws protecting the confidentiality of personal information and patient health information, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the Personal Information Protection and Electronics Documents Act (Canada), or PIPEDA, the European Unions' General Data Protection Regulation, or the GDPR, and similar laws in other jurisdictions, protect personal information, including medical records of individuals. We collect and store personal information about our employees and customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through a procedural or process failure, an IT malfunction or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated through employee collusion or negligence or through deliberate cyber-attack. Moreover, if we are found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, including as a result of data theft and privacy breaches, we could be subject to sanction, litigation and civil or criminal penalties, which could increase our liabilities and harm our reputation.

As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. While we have implemented security resources to protect our data security and information technology systems, such measures may not prevent such events. Significant disruption to our information technology system or breaches of data security could have a material adverse effect on our business, financial condition and results of operations.

The cannabis industry continues to face significant funding challenges, and we may not be able to secure adequate or reliable sources of funding, which may impact our operations and potential expansion.

The continued development of our business will require significant additional financing, and there is no assurance that we will be able to obtain the financing necessary to achieve our business objectives. Our ability to obtain additional financing will depend on investor demand, our performance and reputation, market conditions, and other factors. Our inability to raise such capital could result in the delay or indefinite postponement of our current business objectives or our inability to continue to operate our business. There can be no assurance that additional capital or other types of equity or debt financing will be available if needed or that, if available, the terms of such financing will be favorable to us.

In addition, from time to time, we may enter into transactions to acquire assets or the capital stock or other equity interests of other entities. Our continued growth may be financed, wholly or partially, with debt, which may increase our debt levels above industry standards.

Our existing and future debt agreements may contain covenant restrictions that limit our ability to operate our business and pursue beneficial transactions.

Our existing debt agreements and future debt agreements may contain, covenant restrictions that limit our ability to operate our business, including restrictions on our ability to invest in our existing facilities, incur additional debt or issue guarantees, create additional liens, repurchase stock or make other restricted payments. As a result of these covenants, our ability to respond to changes in business and economic conditions and engage in beneficial transactions, including to obtain additional financing and pursue business opportunities, may be restricted. Furthermore, our failure to comply with our debt covenants could result in a default under our debt agreements, which could permit the holders to accelerate our obligation to repay the debt and to enforce security over our assets. If any of our debt is accelerated, we may not have sufficient funds available to repay it or be able to obtain new financing to refinance the debt.

Servicing our debt will require a significant amount of cash, and we may not have sufficient cash flow from our business to pay our debt.

Our consolidated indebtedness (refer to the consolidated financial statements included elsewhere in this Form 10-K) may increase our vulnerability to any generally adverse economic and industry conditions. We and our subsidiaries may, subject to the limitations in the terms of our existing and future indebtedness, incur additional debt, secure existing or future debt or recapitalize our debt. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our current and future indebtedness, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control, including rising interest rates. Our business has not generated positive cash flow from operations. If this continues in the future, we may not have sufficient cash flows to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our current and future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Management may not be able to successfully establish and maintain effective internal controls over financial reporting.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Rules 13a-15(f) and 15d(f) under the Exchange Act, internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with United States Generally Accepted Accounting Principles (“GAAP”). Due to the work around integration and modification to internal control over financial reporting and other policies and procedures, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

It is not expected that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to inherent limitations, our internal control over financial reporting may not prevent or detect all misstatements. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. We cannot guarantee that we will not have a material weakness in our internal controls in the future. If we experience any material weakness in our internal controls in the future, our financial statements may contain misstatements and we could be required to restate our financial statements.

Since a significant portion of our sales are generated in Canada and other countries outside the United States, fluctuations in foreign currency exchange rates could harm our results of operations.

The reporting currency for our financial statements is the United States dollar. We derive a significant portion of our revenue and incur a significant portion of our operating costs in Canada and Europe, as well as other countries outside the United States, including Australia. As a result, changes in the exchange rate in these jurisdictions relative to the United States dollar, may have a significant, and potentially adverse, effect on our results of operations. Our primary risk of loss regarding foreign currency exchange rate risk is caused by fluctuations in the exchange rates between the United States dollar against the Canadian dollar and the Euro, although as we expand internationally, we will be subject to additional foreign currency exchange risks. Because we recognize revenue in Canada in Canadian dollars and revenue in Europe in Euros, if either or both of these currencies weaken against the United States dollar it would have a negative impact on our Canadian and/or European operating results upon the translation of those results into United States dollars for the purposes of consolidation. In addition, a weakening of these foreign currencies against the United States dollar would make it more difficult for us to meet our obligations under the convertible securities we have issued. We have not historically engaged in hedging transactions and do not currently contemplate engaging in hedging transactions to mitigate foreign exchange risks. As we continue to recognize gains and losses in foreign currency transactions, depending upon changes in future currency rates, such gains or losses could have a significant, and potentially adverse, effect on our results of operations.

We may have exposure to greater than anticipated tax liabilities, which could harm our business.

Our income tax obligations are based on our corporate operating structure and third-party and intercompany arrangements, including the manner in which we develop, value and use our intellectual property and the valuations of our intercompany transactions. The tax laws applicable to our international business activities, including the laws of the United States, Canada and other jurisdictions, are subject to change and uncertain interpretation. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology, intercompany arrangements, or transfer pricing, all of which could increase our worldwide effective tax rate and the amount of taxes that we pay and harm our business. Taxing authorities may also determine that the manner in which we operate our business is not consistent with how we report our income, which could increase our effective tax rate and the amount of taxes that we pay and could seriously harm our business. In addition, our future income taxes could fluctuate because of earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of our deferred tax assets and liabilities or by changes in tax laws, regulations or accounting principles.

We are subject to regular review and audit by federal, state, provincial and local tax authorities. Any adverse outcome from a review or audit could seriously harm our business. In addition, determining our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are many transactions where the ultimate tax determination is uncertain. Although we believe that the amounts recorded in our financial statements are reasonable, the ultimate tax outcome relating to such amounts may differ for such period or periods and may seriously harm our business. Furthermore, due to shifting economic and political conditions, tax policies, laws, or rates in various jurisdictions, we may be subject to significant changes in ways that impair our financial results. Our results of operations and cash flows could be adversely affected by additional taxes imposed on us prospectively or retroactively or additional taxes or penalties resulting from the failure to comply with any collection obligations or failure to provide information for tax reporting purposes to various government agencies.

We may not be able to utilize our net operating loss carryforwards which could result in greater than anticipated tax liabilities.

We have accumulated net operating loss carryforwards in the United States, Canada and other jurisdictions. Our ability to use our net operating loss carryforwards is dependent upon our ability to generate taxable income in future periods. In addition, these net operating loss carryforwards could expire unused or be subject to limitations which impact our ability to offset future income tax liabilities. U.S. federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely. However, our Canadian net operating loss carryforwards begin to expire in 2028, and limited carryforward periods also exist in other jurisdictions. As a result, we may not be able realize the full benefit of our net operating loss carryforwards in Canada and other jurisdictions, which could result in increased future tax liability to us. Further, our ability to utilize net operating loss carryforwards in the United States and other jurisdictions could be limited from ownership changes in the current and/or prior periods.

We are self-insured for certain losses, which may expose us to significant unexpected costs and adversely affect our financial condition and results of operations.

We self-insure for certain losses, including, but not limited to, employee health, workers' compensation, property in Canada and other claims. As a result, we may be subject to exposure for claims that are not covered by insurance, and our reserves may not be adequate to cover future losses. If the number or severity of claims increases, we may be required to record additional expenses, which could have a material adverse effect on our financial condition and results of operations.

Risks Related to Ownership of Our Securities

The price of our common stock in public markets has experienced and may continue to experience severe volatility and fluctuations.

The market price for our common stock, and the market price of stock of other companies operating in the cannabis industry, has been extremely volatile. For example, during the 2026 fiscal year, the trading price of our common stock ranged between a low sales price of \$3.60 and a high sales price of \$21.00, which reflects the Reverse Stock Split, which became effective on December 2, 2025. The market price of our common stock may continue to be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following: (i) actual or anticipated fluctuations in our quarterly results of operations; (ii) recommendations by securities

research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to us; (iv) the addition or departure of our executive officers or other key personnel; (v) the release or expiration of lock-up or other transfer restrictions on our common stock; (vi) sales or perceived sales, or the expectation of future sales, of our common stock; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; (viii) news reports or social media relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the cannabis industry or our target markets; and (ix) the increase in the number of retail investors and their participation in social media platforms targeted at speculative investing.

The volatility of our stock and the stockholder base may hinder or prevent us from engaging in beneficial corporate initiatives.

Our stockholder base is comprised of a large number of retail (or non-institutional) investors, which creates more volatility since stock changes hands frequently. In accordance with our governing documents and applicable laws, there are a number of initiatives that require the approval of stockholders at the annual or a special meeting. To hold a valid meeting, a quorum comprised of stockholders representing one-third of the voting power of our outstanding shares of common stock is necessary. A record date is established to determine which stockholders are eligible to vote at the meeting, which record date must be 30 – 60 days prior to the meeting. Since our stocks change hands frequently, there can be a significant turnover of stockholders between the record date and the meeting date which makes it harder to get stockholders to vote. While we make every effort to engage retail investors, such efforts can be expensive and the frequent turnover creates logistical issues. Further retail investors tend to be less likely to vote in comparison to institutional investors. Failure to secure sufficient votes or to achieve the minimum quorum needed for a meeting to happen may impede our ability to move forward with initiatives that are intended to grow the business and create stockholder value or prevent us from engaging in such initiatives at all. If we find it necessary to delay or adjourn meetings or to seek approval again, it will be time consuming and we will incur additional costs.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, our stock price and trading volume could decline.

The trading market for our common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the securities or industry analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. In addition, if our operating results fail to meet the forecast of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

Risks Related to our Convertible Securities

We may not have the ability to raise the funds necessary to settle conversions of the Convertible Securities in cash or to repurchase the Convertible Securities upon a fundamental change.

We issued various securities convertible into shares of our common stock, or “Convertible Securities”. Holders of certain Convertible Securities have the right to require us to repurchase their Convertible Securities upon the occurrence of a fundamental change. In addition, upon conversion, unless we deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Convertible Securities being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Convertible Securities surrendered. In addition, our ability to repurchase the Convertible Securities or to pay cash upon conversions of the Convertible Securities may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase Convertible Securities at a time when the repurchase is required by the indenture or to pay any cash payable on future conversions of the Convertible Securities as required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our existing or future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Convertible Securities or make cash payments upon conversions thereof.

The conditional conversion feature of the Convertible Securities, if triggered, may adversely affect our financial condition and operating results.

In the event a conditional conversion feature of the Convertible Securities is triggered, holders of Convertible Securities will be entitled to convert the Convertible Securities at any time during specified periods at their option. If one or more holders elect to convert their Convertible Securities, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders of Convertible Securities do not elect to convert their Convertible Securities, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Securities as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Conversion of the Convertible Securities may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock.

The conversion of some or all of the Convertible Securities may dilute the ownership interests of our stockholders. Upon conversion of the Convertible Securities, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock. If we elect to settle our conversion obligation in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Securities may encourage short selling by market participants because the conversion of the Convertible Securities could be used to satisfy short positions, or anticipated conversion of the Convertible Securities into shares of our common stock could depress the price of our common stock.

Certain provisions in the indentures governing the Convertible Securities may delay or prevent an otherwise beneficial takeover attempt of us.

Certain provisions in the indentures governing the Convertible Securities may make it more difficult or expensive for a third party to acquire us. For example, we may be required to repurchase certain Convertible Securities for cash upon the occurrence of a fundamental change and, in certain circumstances, to increase the relevant conversion rate for a holder that converts its Convertible Securities in connection with a make-whole fundamental change. A takeover of us may trigger the requirement that we repurchase the Convertible Securities and/or increase the conversion rate, which could make it more costly for a potential acquirer to engage in such takeover. Such additional costs may have the effect of delaying or preventing a takeover of us that would otherwise be beneficial to investors.

Our stockholders may be subject to dilution resulting from future offerings of common stock by us.

We may raise additional funds in the future by issuing common stock or equity-linked securities. Holders of our securities have no preemptive rights in connection with such further issuances. Our board of directors has the discretion to determine if an issuance of our capital stock is warranted, the price at which such issuance is to be effected and the other terms of any future issuance of capital stock. In addition, additional common stock will be issued by us in connection with the exercise of options or grant of other equity awards granted by us. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of our existing securities.

Provisions in our corporate charter documents could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our current board of directors.

Provisions in our corporate charter and our bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. Among others, these provisions include the following:

- Our board of directors is divided into three classes with staggered three-year terms which may delay or prevent a change of our management or a change in control;

- Our board of directors has the right to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- Except in limited circumstances, our stockholders may not act by written consent or call special stockholders' meetings; as a result, a holder, or holders, controlling a majority of our capital stock would not be able to take certain actions other than at annual stockholders' meetings or special stockholders' meetings called by the board of directors, the chairman of the board or our chief executive officer;
- Our certificate of incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- Stockholders must provide advance notice and additional disclosures in order to nominate individuals for election to the board of directors or to propose matters that can be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company; and
- Our board of directors may issue, without stockholder approval, shares of undesignated preferred stock; the ability to issue undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us.

Risks Related to our Cryptocurrency Strategy.

Our cryptocurrency strategy faces high risk and uncertainty in light of market volatility and an evolving regulatory landscape.

Our decision to invest in and hold digital assets—including Bitcoin and other cryptocurrencies—as an addition to our treasury management strategy poses considerable risks that could materially harm our operating results and financial condition. The inherent volatility in cryptocurrency markets can lead to rapid and substantial fluctuations in the value of our digital asset holdings; such volatility may force us to liquidate positions at unfavorable prices, thereby significantly impairing our liquidity and overall financial stability.

Moreover, our cryptocurrency strategy is being implemented amid a continuously changing and uncertain regulatory environment. Evolving cryptocurrency regulations and varying interpretations and enforcement policies of existing laws in the United States and internationally may impose new compliance burdens, disrupt our operations, or necessitate significant modifications to our existing business practices. Any adverse regulatory action or delay in clarity could escalate our operational costs, materially harm the value of our digital asset holdings, restrict our flexibility in managing these assets, and damage our reputation with investors and counterparties.

Additionally, the unique audit, accounting, and internal control challenges associated with managing digital assets add further complexity to our risk profile. As current financial reporting standards may not fully capture the nuances of digital asset investments, future modifications to these standards could require substantial changes in our accounting policies and internal controls. Our reliance on third-party custodial, trading and transaction platforms for the storage and processing of these assets also exposes us to increased cybersecurity threats, operational disruptions, and risks stemming from third-party service providers, each of which could result in significant financial inaccuracies, legal liabilities, or reputational damage. Relatedly, digital asset custodial accounts do not benefit from customary regulatory, insurance and safeguard regimes available to traditional brokerage and deposit accounts.

Given the nascent and rapidly evolving nature of digital asset markets, any unfavorable developments in market conditions, regulatory frameworks, or technological vulnerabilities could severely undermine our ability to execute our digital asset strategy effectively. Any significant adverse developments in the digital asset space may have a material negative impact on our long-term performance and strategic goals.

Risks Related to our Intellectual Property

We may not be able to adequately protect our intellectual property.

As long as cannabis remains illegal under U.S. federal law as a scheduled controlled substance under the CSA, the benefit of certain federal laws and protections that may be available to most businesses, such as federal trademark and patent protection, may not be available to us. As a result, our intellectual property may not be adequately or sufficiently protected against the use or misappropriation by third parties under such U.S. laws. In addition, since the regulatory

framework of the cannabis industry is in a state of flux, we can provide no assurance that we will obtain protection for our intellectual property, whether on a federal, state or local level.

We may not realize the full benefit of the clinical trials or studies that we participate in if we are unable to secure ownership or the exclusive right to use the resulting intellectual property on commercially reasonable terms.

Although we have participated in several clinical trials, we are not the sponsor of many of these trials and, as such, do not have full control over the design, conduct and terms of the trials. In some cases, for instance, we are only the provider of a cannabis study drug for a trial that is designed and initiated by an independent investigator within an academic institution. In such cases, we are often not able to acquire rights to all the intellectual property generated by the trials. Although the terms of all clinical trial agreements entered into by us provide us with, at a minimum, ownership of intellectual property relating directly to the study drug being trialed (e.g. intellectual property relating to use of the study drug), ownership of intellectual property that does not relate directly to the study drug is often retained by the institution. As such, we are vulnerable to any dispute among the investigator, the institution and us with respect to classification and therefore ownership of any particular piece of intellectual property generated during the trial. Such a dispute may affect our ability to make full use of intellectual property generated by a clinical trial.

Where intellectual property generated by a trial is owned by the institution, we are often granted a right of first negotiation to obtain an exclusive license to such intellectual property. If we exercise such a right, there is a risk that the parties will fail to come to an agreement on the license, in which case such intellectual property may be licensed to other parties or commercialized by the institution.

General Risk Factors

We may not be able to maintain adequate insurance coverage, the premiums may not continue to be commercially justifiable, and coverage limitations or exclusions may leave us exposed to uninsured liabilities.

We currently maintain insurance coverage, including product liability insurance, protecting many, but not all, of our assets and operations. Our insurance coverage is subject to coverage limits and exclusions and may not be available for all of the risks and hazards to which we are exposed, or the coverage limits may not be sufficient to protect against the full amount of loss. In addition, no assurance can be given that such insurance will be adequate to cover our liabilities, including potential product liability claims, or will be generally available in the future or, if available, that premiums will be commercially justifiable. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, we may be exposed to material uninsured liabilities that could diminish our liquidity, profitability or solvency.

The financial reporting obligations of being a public company and maintaining a dual listing on NASDAQ and on the TSX requires significant company resources and management attention.

We are subject to the public company reporting obligations under the Exchange Act and the rules and regulations regarding corporate governance practices, including those under the Sarbanes-Oxley Act, the Dodd-Frank Act, and the listing requirements of Nasdaq Global Select Market (“NASDAQ”) and the Toronto Stock Exchange (“TSX”). We incur significant legal, accounting, reporting and other expenses in order to maintain a dual listing on both the TSX and NASDAQ. Moreover, our listing on both the TSX and NASDAQ may increase price volatility due to various factors, including the ability to buy or sell common shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of the common shares.

As a cannabis company, we may be subject to heightened scrutiny in Canada and the United States that could materially adversely impact the liquidity of our shares of common stock.

Our existing operations in the United States, and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States and Canada.

Given the heightened risk profile associated with cannabis in the United States, the Canadian Depository for Securities Ltd., or CDS, may implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for companies that have cannabis businesses or assets in the United States.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group, the parent company of CDS, announced the signing of a Memorandum of Understanding (the “TMX MOU”) with Aequis NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the

TSX Venture Exchange. The TMX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no assurances given that this approach to regulation will continue in the future. If such a ban were to be implemented, it could have a material adverse effect on the ability of holders of the common stock to settle trades. In particular, the shares of common stock would become highly illiquid until an alternative was implemented, and investors would have no ability to effect a trade of the common stock through the facilities of a stock exchange.

Tax and accounting requirements may change in ways that are unforeseen to us and we may face difficulty or be unable to implement or comply with any such changes.

We are subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on our financial results, the manner in which we conduct our business or the marketability of any of our products. We currently maintain international operations and plan to expand such operations in the future. These operations, and any expansion thereto, will require us to comply with the tax laws and regulations of multiple jurisdictions, which may vary substantially. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject us to penalties and fees in the future if we fail to comply.

Geopolitical instability involving the conflict in Iran could increase fuel and energy costs in Europe and adversely affect our operations and results.

Ongoing geopolitical instability in the Middle East, including the conflict involving Iran, has contributed to volatility in global oil and natural gas markets. Disruptions or perceived risks to energy supply routes, including shipping through key transit points, have resulted in increased fuel and energy prices in Europe and could continue to do so for an extended period. Europe remains exposed to global energy price fluctuations, and increases in fuel, transportation, and utility costs could adversely affect our operating expenses, supply chain costs, margins, and the cost of energy-intensive activities, including our brewing and cannabis cultivation operations, particularly within our European businesses. The duration and severity of the conflict remain uncertain, and any escalation or prolongation could exacerbate these risks.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity

Cybersecurity risk, management, and strategy

Tilray recognizes that cybersecurity is critical to protecting our systems, data, and operations. We are committed to addressing the significant risks posed by cyber threats by proactively managing the evolving landscape through a comprehensive, enterprise wide approach. Our enterprise risk management framework considers cybersecurity risk alongside other company risks as part of our overall risk assessment process and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management framework to other legal, compliance, operational, and financial risk areas. The Company is committed to maintaining robust processes to assess, identify and mitigate material risks from cybersecurity threats and to protect against, detect and respond to cybersecurity incidents.

Our business is subject to various cybersecurity risks, including but not limited to, unauthorized access to sensitive data, including customer information and medical information, disruption of operations or supply chain due to cyberattacks, theft or manipulation of intellectual property, such as proprietary strains or cultivation techniques, regulatory non-compliance resulting from cybersecurity breaches, including violations of data privacy laws. To address these risks, we have implemented a comprehensive cybersecurity program, which includes, regular risk assessments and vulnerability testing to identify and remediate potential weaknesses in our infrastructure, deployment of advanced access controls, encryption, and endpoint protection to safeguard sensitive data such as customer and medical information, mandatory annual cybersecurity training and awareness programs for all employees to reduce the risk of social engineering and phishing attacks, and continual monitoring and incident response protocols to detect, contain and respond to

cybersecurity incidents in a timely and effective manner. We also have information security and data privacy policies and procedures in place applicable to our directors, officers, employees, contractors and suppliers. Third parties service providers also contribute to our overall cybersecurity. We engage third parties that are cybersecurity experts to support in the design, implementation and continuous improvement of our cybersecurity program.

As of the date of this Form 10-K, we do not believe any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. See “Item 1A. Risk Factors” for further information about these risks.

Cybersecurity governance

Cybersecurity is an important part of our risk management processes and is an area of focus for our Board, Chief Information Officer (“CIO”) whom reports directly to the Chief Executive Officer, and management team. Our CIO plays a pivotal role in assessing and managing material risks stemming from cybersecurity threats and is primarily responsible for the oversight of our overall cybersecurity risk management program, and coordinates with our external cybersecurity consultants. Additionally, given that cybersecurity risks can impact various areas of responsibility of the Committees of the Board, our Board of Directors oversees cybersecurity risk management and regularly reviews our cybersecurity strategy and initiatives. The Board receives quarterly and as needed updates on cybersecurity matters from the CIO and management on topics including threat landscape developments, incident response readiness, and program enhancements.

Tilray is dedicated to maintaining a robust cybersecurity program to safeguard our assets, data, and stakeholders’ interests. We remain vigilant in our efforts to identify, assess, and mitigate cybersecurity risks and are committed to transparency and accountability in our cybersecurity disclosures.

Item 2. Properties.

The following outlines our principal cultivation, manufacturing, storage facilities and brewpubs by reporting segment as of May 31, 2026:

Facility and Primary Use	Location	Reporting Segment	Owned/Leased	Approximate Square Footage
Canada:				
Aphria One (Cannabis Cultivation and Processing)	Leamington, ON	Cannabis	Owned	1,400,000
Aphria Diamond Ltd. (Cannabis Cultivation)	Leamington, ON	Cannabis	Owned ¹	1,500,000
Broken Coast (Cannabis Cultivation).	Nanaimo, BC	Cannabis	Owned	60,000
High Park Holdings (Cannabis 2.0 Processing)	London, ON	Cannabis	Leased	134,000
Manitoba Harvest (Hemp Processing)	Winnipeg, MB	Wellness	Leased	15,000
Manitoba Harvest (Hemp Processing)	St. Agathe, MB	Wellness	Owned	35,000
Hexo Operations Inc. (Cannabis Cultivation and Processing).	Gatineau, QC	Cannabis	Owned	1,292,000
Redecan (Cannabis Cultivation and Processing)	Fenwick, ON	Cannabis	Owned	400,000
Redecan (Cannabis Cultivation and Processing)	Cayuga, ON	Cannabis	Owned ⁴	1,644,000
United States:				
SweetWater Brewery (Craft Brewery)	Atlanta, GA	Beverage	Owned	158,000
Breckenridge Brewery (Craft Brewery)	Fort Collins, CO	Beverage	Owned	33,000
Breckenridge Distillery (Craft Distillery).	Breckenridge, CO	Beverage	Owned	23,000
Breckenridge Distillery Warehouse (Storage)	Denver, CO	Beverage	Owned	75,000
Montauk Brewing Company (Brewery/Pub facility)	Montauk, NY	Beverage	Leased	4,000
Fort Collins (Warehouse - Inactive)	Fort Collins, CO	N/A	Owned ⁵	50,000
Breckenridge Brewery, LLC (Brewery/Pub facility)	Littleton, CO	Beverage	Owned	450,000
Breckenridge Brewery, LLC (Brewpub)	Littleton, CO	Beverage	Owned	2,500
Craft Brew Alliance, Inc. (Craft Brewery)	Portland, OR	Beverage	Owned	82,000
BBI Acquisition Co. (Brewpub)	Breckenridge, CO	Beverage	Leased	8,000
Blue Point Brewing Company, Inc. (Distribution)	Patchogue, NY	Beverage	Leased	54,000
Blue Point Brewing Company, Inc. (Storage)	Patchogue, NY	Beverage	Leased	20,000
10 Barrel Brewing (Brewpub)	Bend, OR	Beverage	Leased	4,000
10 Barrel Brewing, LLC (Brewpub).	Portland, OR	Beverage	Leased	8,000
10 Barrel Brewing, LLC (Storage).	Bend, OR	Beverage	Leased	4,000
10 Barrel Brewing, LLC (Storage).	Bend, OR	Beverage	Leased	1,930
10 Barrel Brewing, LLC (Processing/Pub facility)	Bend, OR	Beverage	Leased	69,000
10 Barrel Brewing, LLC (Craft Brewery)	Bend, OR	Beverage	Leased	25,000
10 Barrel Brewing Idaho, LLC (Brewpub).	Boise, ID	Beverage	Leased	9,000
Redhook (Brewery/Pub facility).	Seattle, WA	Beverage	Leased	13,000
Widmer (Craft Brewery).	Portland, OR	Beverage	Leased	3,000
Terrapin Beer Company, LLC (Brewery/Pub facility)	Athens, GA	Beverage	Owned	100,000
Terrapin Beer Company, LLC (Warehouse/Storage).	Athens, GA	Beverage	Owned	24,000
Terrapin Beer Company, LLC (Processing/Distribution)	Athens, GA	Beverage	Leased	68,000

Facility and Primary Use	Location	Reporting Segment	Owned/Leased	Approximate Square Footage
Atwater Brewing (Brewpub)	Detroit, MI	Beverage	Leased ³	20,000
Atwater Brewing (Brewpub)	Grand Rapids, MI	Beverage	Leased ³	6,000
Atwater Brewing (Restaurant/Brewpub)	Grosse Pointe Park, MI	Beverage	Leased ³	10,000
McKenzie River Brewing Company, LLC (Brewery/Pub facility)	Eugene, OR	Beverage	Owned	150,000
McKenzie River Brewing Company, LLC (Restaurant/Brewpub)	Springfield, OR	Beverage	Leased	20,000
McKenzie River Brewing Company, LLC (Processing/Distribution)	Eugene, OR	Beverage	Leased	32,000
Revolver Brewing Company, LLC (Brewpub) . .	Grandbury, TX	Beverage	Leased	32,000
BrewDog U.S. (Restaurant/Bar)	New Albany, OH	Beverage	Leased	8,635
BrewDog U.S. (Brewpub)	Cleveland, OH	Beverage	Leased	9,855
BrewDog U.S. (Brewpub/Restaurant)	Las Vegas, NV	Beverage	Leased	30,000
BrewDog U.S. (Restaurant/Bar/Hotel)	Canal Winchester, OH	Beverage	Owned	150,000
International:				
Tilray EU Campus and Cultivation Site (Cannabis Cultivation and Processing)	Cantanhede, Portugal	Cannabis	Owned ²	3,300,000
CC Pharma (Distribution Operations)	Densborn, Germany	Distribution	Owned	70,000
Aphria RX (Cannabis Cultivation)	Neumünster, Germany	Cannabis	Owned	65,000
FL Group Srl (Distribution Operations)	Vado Ligure, Italy	Cannabis	Leased	4,700
ABP (Distribution Operations)	Buenos Aires, Argentina	Distribution	Leased	10,000
Lyphe (Distribution Operations)	Farnborough, United Kingdom	Cannabis	Leased	2,100
Lyphe (Distribution Operations)	Farnborough, United Kingdom	Cannabis	Leased	2,100
BrewDog U.K. (Restaurant/Bar)	Birmingham, United Kingdom	Beverage	Leased	1,400
BrewDog U.K. (Restaurant/Bar/Hotel)	Edinburgh, United Kingdom	Beverage	Leased	25,000
BrewDog U.K. (Restaurant/Bar)	Edinburgh, United Kingdom	Beverage	Leased	4,650
BrewDog U.K. (Restaurant/Bar)	Canary Wharf, United Kingdom	Beverage	Leased	9,600
BrewDog U.K. (Restaurant/Bar)	London, United Kingdom	Beverage	Leased	5,500
BrewDog U.K. (Restaurant/Bar)	London, United Kingdom	Beverage	Leased	8,900
BrewDog U.K. (Restaurant/Bar)	London, United Kingdom	Beverage	Leased	29,000
BrewDog U.K. (Restaurant/Bar)	Manchester, United Kingdom	Beverage	Leased	3,000
BrewDog U.K. (Restaurant/Bar)	London, United Kingdom	Beverage	Leased	5,500
BrewDog U.K. (Warehouse/Distribution)	Motherwell, United Kingdom	Beverage	Leased	127,000
BrewDog U.K. (Restaurant/Bar)	Manchester, United Kingdom	Beverage	Leased	14,600
BrewDog U.K. (Brewpub/office)	Ellon, Scotland	Beverage	Owned	16,000
BrewDog U.K. (Restaurant/Bar)	Aberdeen, United Kingdom	Beverage	Leased	6,600
BrewDog U.K. (Restaurant/Bar)	Bristol, United Kingdom	Beverage	Leased	9,600
BrewDog U.K. (Restaurant/Bar)	Manchester, United Kingdom	Beverage	Leased	15,000
BrewDog U.K. (Restaurant/Bar)	Glasgow, United Kingdom	Beverage	Leased	3,500

Facility and Primary Use	Location	Reporting Segment	Owned/Leased	Approximate Square Footage
BrewDog Australia (Brewpub)	Brisbane, Australia	Beverage	Leased	3,300
BrewDog Australia (Restaurant/Bar)	Brisbane, Australia	Beverage	Leased	1,000
BrewDog Ireland (Brewpub)	Dublin, Ireland	Beverage	Leased	13,000

- 1 *Aphria Diamond is a 51% majority-owned subsidiary of Aphria, Inc. Aphria Diamond is a strategic venture with Double Diamond Farms.*
- 2 *In Cantanhede, Portugal, we own one cultivation and manufacturing location used for medical cannabis as well as land adjacent to the facility for future expansion.*
- 3 *We recognize the property as an asset held for sale for the year ended May 31, 2026.*
- 4 *This facility is an outdoor growing facility.*
- 5 *This facility was sold during the year ended May 31, 2026.*

We also lease space for other smaller offices in the United States, Canada, Europe and other parts of the world.

We believe our facilities and committed leased spaces are currently adequate to meet our needs. As we continue to expand our operations, we may need to acquire or lease additional facilities or dispose of existing facilities.

Item 3. Legal Proceedings.

The information called for by this item is incorporated herein by reference to Note 27, *Commitments and Contingencies*, in the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the Nasdaq Global Select Market and the TSX under the symbol "TLRY."

Holder

As of July 24, 2026, there were approximately 578,000 holders of record of our common stock.

Dividends

We have not paid any cash dividends on our common stock to date. It is our current intention to not declare or pay any cash dividends for the foreseeable future as we intend to utilize all available funds and any future earnings to support operations and to finance the growth and development of our business. Any future determination to pay dividends will be made at the discretion of our Board of Directors, subject to applicable laws and, will depend upon, among other factors, our results of operations, financial condition, contractual restrictions and capital requirements. Our future ability to pay cash dividends on common stock is limited by the terms of the Aphria Diamond credit facility, as well as any future debt or preferred securities.

Recent sales of unregistered securities; use of proceeds from registered securities

Each issuance of securities described below, unless otherwise noted, were exempt from registration under Section 4(2) of the Securities Act 1933, as amended (the "Securities Act"), in transactions by an issuer not involving a public offering and no underwriter participated in the offer and sale of the securities issued pursuant to the following issuances, and no commission or other remuneration was paid or given directly or indirectly in connection therewith.

On October 9, 2025, we entered into an assignment and assumption agreement with Double Diamond Holdings Ltd. ("DDH"), an Ontario corporation, pursuant to which, among other things, we acquired from DDH a promissory note in the amount of \$14.8 million (the "DDH Note") payable by 1974568 Ontario Limited ("Aphria Diamond"). DDH is a joint venturer with Aphria Inc. (Tilray's wholly-owned subsidiary) in Aphria Diamond. As consideration for the DDH Note, Tilray issued 861,707 shares of our Common Stock to DDH.

On April 15, 2026, we issued 398,666 shares of our Common Stock, as partial consideration pursuant to that certain share purchase agreement, dated April 15, 2026, by and among the Company, Tilray Holdings, Inc., a wholly-owned subsidiary of the Company, and the sellers party thereto, relating to the Company's acquisition of the Lyphe Group.

We entered into the following private debt-for-equity exchange transactions (each, an "Exchange Transaction") with unrelated parties in connection with the Company's outstanding 5.20% Convertible Senior Notes due June 15, 2027 ("TLRY 27 Notes") in reliance on the exemption provided by Section 3(a)(9) of the Securities Act:

On June 16, 2025, we entered into an Exchange Transaction pursuant to which we issued 1,259,182 shares of our common stock in exchange for \$5.0 million principal amount of TLRY 27 Notes.

Between April 1, 2026 and April 8, 2026, we entered into Exchange Transactions pursuant to which we issued an aggregate of 1,879,696 shares of our Common Stock, in exchange for \$12.0 million aggregate principal amount of TLRY 27 Notes.

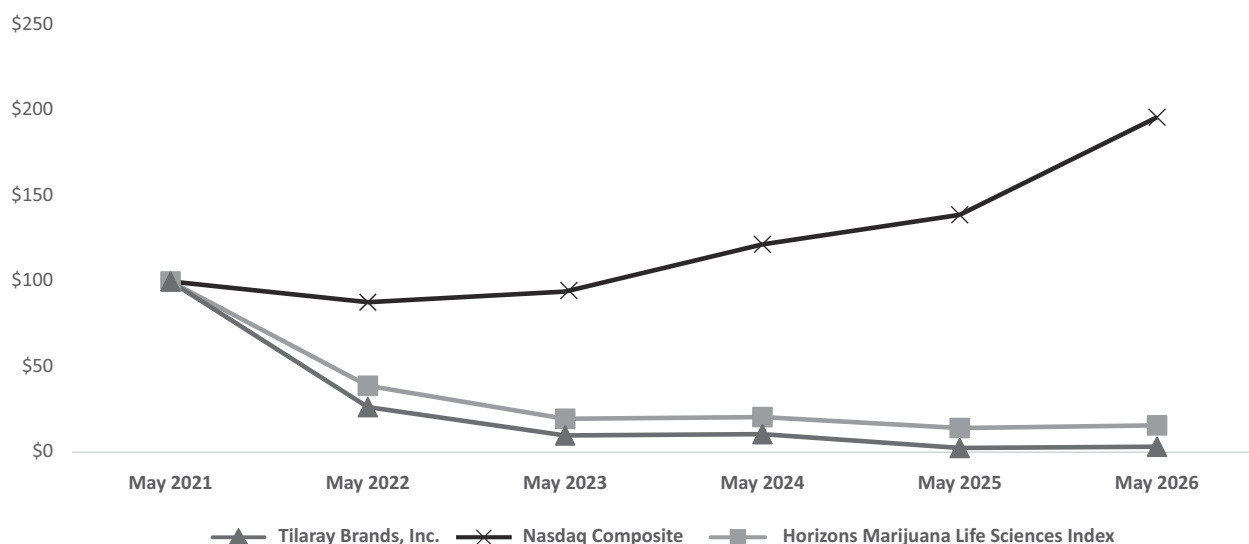
On June 3, 2026, Tilray entered into an Exchange Transaction pursuant to which we issued an aggregate of 1,214,186 shares of our Common Stock in exchange for \$6.0 million aggregate principal amount of TLRY 27 Notes. See Note 30 (Subsequent events) for additional details.

On June 15, 2026, we entered into an Exchange Transaction pursuant to which we issued an aggregate of 1,280,078 shares of our Common Stock in exchange for \$6.0 million aggregate principal amount of TLRY 27 Notes. See Note 30 (Subsequent events) for additional details.

On June 24, 2026, we entered into an Exchange Transaction pursuant to which we issued an aggregate of 1,358,263 shares of our Common Stock in exchange for \$6.0 million aggregate principal amount of TLRY 27 Notes. See Note 30 (Subsequent events) for additional details.

Stock Performance Graph

The following graph compares the performance of our common stock to the Nasdaq Composite and the Horizons Marijuana Life Sciences Index for the period from May 31, 2021 through May 31, 2026 in comparison to the indicated indexes. The results assume that \$100, which was invested on May 31, 2021 in our common stock and each of the indicated indexes.



	May 31,					
	2021	2022	2023	2024	2025	2026
Tilaray Brands, Inc.	\$100.00	\$26.44	\$ 9.84	\$ 10.60	\$ 2.51	\$ 3.24
Nasdaq Composite	\$100.00	\$87.87	\$94.08	\$121.72	\$139.02	\$196.18
Horizons Marijuana Life Sciences Index	\$100.00	\$38.94	\$19.59	\$ 20.59	\$ 14.18	\$ 15.74

This information under “Stock Performance Graph” is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference in any filing of Tilray under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K and irrespective of any general incorporation language in those filings.

Repurchases

None.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations is intended to help the reader understand our results of operations and our present business environment from the perspective of management. You should read the following discussion and analysis of our financial condition and results of operations together with the “Cautionary Note Regarding Forward-Looking Statements”; the sections in Part I entitled “Item 1A. Risk Factors” and the financial information and the notes thereto included in Part II, Item 8 of this Form 10-K in this Annual Report for the fiscal year ended May 31, 2026 (“Annual Report”). We use certain non-GAAP measures that are more fully described below under the caption “—Use of Non-GAAP Measures,” which we believe are appropriate supplemental non-GAAP measures to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions.

Amounts are presented in thousands of United States dollars, except for shares, warrants, per share data and per warrant data or as otherwise noted.

Company Overview

Tilray Brands, Inc., a Delaware corporation (collectively, along with its subsidiaries, the “Company”, “Tilray”, “we”, “us” and “our”) is a leading global lifestyle consumer products company, which was incorporated on January 24, 2018 and is headquartered in Leamington and New York, with operations in Canada, the United States, Europe, Australia and Latin America that is leading as a transformative force at the nexus of cannabis, beverage, wellness, and entertainment, elevating lives through moments of connection. Tilray’s mission is to be a leading premium lifestyle company with a house of brands and innovative products that inspire joy and wellness, while creating memorable experiences that bring people together.

Our overall strategy is to leverage our brands, infrastructure, expertise and capabilities to drive revenue growth in the industries and channels in which we compete, achieve industry-leading profitability and build sustainable, long-term shareholder value. In order to ensure the long-term sustainable growth of our Company, we continue to focus on developing strong capabilities in data analytics and consumer insights, drive category management leadership and assess opportunities for the introduction of new categories and products and entries into new geographies. In addition, we are relentlessly focused on managing our cost structure and expenses in order to expand margins and maintain our strong financial position. Finally, our experienced leadership team provides a strong foundation to accelerate our growth. Our management team is complemented by experienced operators, cannabis industry experts, veteran beer and beverage industry leaders and leaders that are well-established in wellness foods, all of whom apply an innovative and consumer-centric approach to our businesses.

Trends and Other Factors Affecting Our Business

U.S. Beverage market trends:

Within the beverage category, we expect the following key trends to shape the near-term outlook in this segment:

- *Beverage Distribution.* In furtherance of our strategic vision, we remain focused on enhancing the relevance of our brands within their home markets with mission critical SKUs, focusing on growing our core brands in their core markets and on driving growth of our highest margin SKUs within these brands. Through targeted efforts, we continue to strategically optimize our price/pack/channel architecture and drive distribution to continue to execute against our craft beer strategy, streamlining our business, enhancing our relevance and focusing resources on our core markets.
- *Innovation.* In the United States, we have been closely monitoring consumer beverage trends, which have included consumers drinking less beverage alcohol products for a variety of reasons and, when consuming alcoholic beverages, the increasing demand for ready-to-drink cocktail options. To address these trends, we have engaged in strategic innovation based on category analysis, consumer insights, and portfolio diversification into alternative beverage options. More specifically, we have launched products such as Cruisies and 10 Barrel’s Salty Sips line, a lower-sugar vodka-based refresher made with real fruit juice and a pinch of sea salt. For consumers seeking to reduce their beverage alcohol consumption, the portfolio continues to scale across non-alcoholic craft beer, clean-label energy drinks fortified with vitamins, and 10 Barrel Clean Slate, a functional non-alcoholic cocktail offering. Our innovation pipeline also includes flavored malt beverage offerings under the Popsicle brand, developed through a licensing partnership to bring iconic, nostalgic Popsicle flavors into ready-to-drink adult beverages. These strategic innovations underscore our commitment to offering high-quality options across a diverse range of beverage categories, positioning us for sustained growth by meeting consumer demand and differentiation in the competitive beverage segment.

- *Brew Pubs.* We currently operate 18 brew pubs, including our Breckenridge Distillery restaurant and tasting room, in geographic regions across the U.S. and core markets for the associated craft brands. This includes our four recently acquired BrewDog U.S. brew pubs, including a flagship multi-level location on the Las Vegas Strip. An important part of our strategic plan for our craft beer business centers on the role that brew pubs and experiential hospitality play in promoting and showcasing the distinct, regional positioning of our various craft beer brands. They provide our consumers with a venue in which to connect with others and have an immersive brand experience which serves to enhance brand loyalty and drive immediate and long-term revenue growth. We also believe that our brew pub strategy fuels trial and innovation by allowing us to curate unique small batch product offerings in targeted test markets.

In the spirits category, Breckenridge Distillery combines premium craftsmanship, award-winning quality, and experiential tourism appeal, reinforcing its positioning as a lifestyle-driven spirits brand. Recently included in Newsweek’s “Best Bourbon 2026” list, the distillery has earned multiple prestigious accolades across Whiskey, Gin, and Vodka, including three Icons of Whisky awards, ten Best American Blended Whiskey honors at the World Whiskies Awards, and recognition as Colorado Distillery of the Year. Breckenridge Distillery products are available in all 50 states, with continued planned expansion into other product categories and product innovations. Recent launches include Mock One, a non-alcoholic spirits line, Mountain Shot, flavored whiskey in convenient pouches, and Casa Breck Tequila, all underscoring our commitment to innovation and evolving consumer preferences. Despite prevailing challenges within the overall spirits market, we believe that our award-winning portfolio and innovative product introductions positions Breckenridge Distillery for sustained growth and enhanced market presence.

U.K. Beverage market trends:

In the U.K., the beverage alcohol market remains highly competitive and continues to be impacted by evolving consumer preferences, cost pressures, and moderation trends. Consumers are increasingly seeking premium products, no and low-alcohol alternatives, and differentiated brand experiences across both retail and hospitality channels. Through BrewDog’s established brand portfolio, retail and e-commerce presence, and company-operated bar network, we believe we are positioned to compete in the U.K. market while focusing on core brand performance, operational efficiency, and selective innovation.

Canadian cannabis market trends.

The cannabis industry in Canada continues to evolve given how nascent the industry is with federal legalization of adult-use cannabis occurring just over five years ago. Through analysis of the current market conditions, the following key trends have emerged and are anticipated to influence the near-term future in the Canadian cannabis industry:

- *Market share.* During the fourth fiscal quarter, Tilray continued to lead the Canadian market with the highest cannabis revenue in Canada. However, during the fourth fiscal quarter, we experienced a decrease in market share in Canada from 8.5% to 7.9% from the immediately preceding quarter as reported by Hifyre data for all provinces, excluding Quebec where Weedcrawler was deemed more accurate. The 55 basis point decline primarily reflected a 162 basis point decrease in the whole flower category, resulting from a planned cultivation strain rotation that temporarily impacted supply, and a 660 basis point decrease in the straight-edge pre-roll category due to an out-of-stock experienced by a componentry vendor despite maintaining a market leading position within this category. These declines were partially offset by modest increases in the vape, beverage, and infused pre-roll categories as the Company continues to scale in these high-growth, ready-to-consume product formats. Despite the decline in flower market share, the Company remains focused on improving profitability within the category by prioritizing higher-margin premium brands, including Broken Coast, and supporting targeted innovation, including recent launches of Lemon Cherry Poppers under the Good Supply brand and Ice Cream RNTZ. The Company continues to enhance its global supply chain and expand its cultivation footprint to support demand across Canadian and international markets. We have successfully optimized our Quebec cultivation facility and expect it to generate meaningful flower output in the second half of fiscal 2027, which may be directed to international markets based on potential customer demand. During the fiscal quarter ended May 31, 2026, the Company opportunistically redirected approximately 0.5 Metric Tons to international markets, which are expected to generate higher margin sales.
- *Price compression.* Licensed producer consolidation has progressed more gradually than anticipated, while retailer consolidation has increased the negotiating leverage of larger retailer accounts. At the same time, consumer preferences continue to evolve. Demand is shifting toward manufactured formats such as infused

pre-rolls, beverages, edibles, and vapes, reflecting a broader premiumization and convenience trend within the category. Price compression in specific categories is expected to persist in the market, intensified by fierce competition among the approximately 1,000 Licensed Producers in Canada. The fixed impact of excise tax per gram further compounds these challenges, and has promoted ongoing industry lobbying efforts.

International cannabis market trends.

We are a global leader in the development, production, distribution, marketing and sale of pharmaceutical-grade medical cannabis products. The cannabis industry in Europe is still in its early stages of development and countries within Europe are at different stages of medical cannabis legalization. Meaningful progress in the legalization and regulation of cannabis for medical purposes, has now taken place in more than 21 countries representing a population of more than 526 million people (Germany, UK, Italy, Poland, Netherlands, Czech Republic, Greece, Portugal, Austria, Switzerland, Denmark, Croatia, Malta, Luxembourg, Ukraine, Sweden, Norway, Türkiye, Ireland and Spain). Beyond this, some countries have expressed a clear political ambition to legalize adult-use cannabis (Portugal and Luxembourg), some are engaging in programs for adult-use legalization (Netherlands and Switzerland) and some are debating regulations for cannabinoid-based medicine (France). In Europe, we believe that, despite continuing recessionary economic conditions, political uncertainty in various countries and the continuing Russian conflict with Ukraine, cannabis legalization (both medicinal and adult-use) will continue to gain traction albeit more slowly than originally expected. This is evidenced by the cannabis regulations in Malta in 2021, in Czech Republic in 2026 and more concretely in Germany in 2024, which we believe will serve as a catalyst for continued changes in drug policy throughout Europe. Outside of Europe and North America, the cannabis industry is also continuing to develop with Australia and Israel representing some of the larger markets and with some Latin American countries also growing their respective medical cannabis markets, such as Argentina, Panama, Colombia and Brazil.

We continue to believe that Tilray remains uniquely well-positioned to maintain and gain significant market share in the markets in which we participate. We benefit from our end-to-end vertically-integrated infrastructure in major markets and well-placed investments, which are comprised of two EU-GMP cultivation facilities located in Portugal and Germany; our fully owned route-to-market encompassing sales, marketing and distribution infrastructure in Germany, Australia and Italy; a network of leading distributors who we work with in the various other countries in which we participate; and, our extensive genetics portfolio and demonstrated commitment and expertise related to the cultivation and production of high-quality, safe cannabis products. Tilray's International business also benefits from the depth and breadth of knowledge, experience, relationships and infrastructure we have gleaned from our leading participation and investment into the Canadian medical and adult-use markets. Tilray is proudly pioneering the effort to further understand the therapeutic value of cannabis through strategic partnerships with leading research institutions globally where Tilray is currently supporting clinical trials around the world studying the efficacy of cannabis in treating various indications. We believe that these assets and attributes, combined with our ability to navigate complex regulatory environments, will continue to drive our leadership in international medical markets and allow us to successfully enter new markets as they adopt medical cannabis and potentially adult-use regulations and may also serve to support a potential U.S. participation.

Germany. Today, Germany remains the largest medical cannabis market in Europe.

We continue to believe that Tilray is well-positioned in Germany, especially considering the enactment of MedCanG and given that we are one of only three manufacturers of medical cannabis in Germany since our wholly owned subsidiary, Aphria RX, was awarded the first license for the cultivation of medical cannabis in Germany by the BfArM under the liberalized regime. This license improves our ability to meet the needs of patients and provides cannabis of the utmost quality and enhanced availability to a broader market.

As the market continues to mature, we have seen increased demands and differentiation specifically with medical cannabis flowers. In response, we have launched ARX and Good Supply brands and related medical cannabis products, which provides the patient with a segmented portfolio of products while we continue to deliver on the trust, safety and consistency that has become expected from our Tilray Medical brand.

Poland. In Poland, cannabis was legalized for medical use in 2018 and is prescribed to patients by a physician and dispensed by pharmacies. Today, all doctors in Poland are allowed to prescribe medical cannabis and it is a self-pay market as medical cannabis is not refundable by the Polish health service. Tilray is a leading supplier of medical cannabis in Poland through our network of distributor partnerships. We predominantly supply the market with whole flower medical cannabis products.

United Kingdom. Since November 2018, doctors in the U.K. have been able to prescribe medical cannabis for medicinal use for patients with medical conditions that had failed to respond to first-line medications. The market today

is predominantly all self-pay and prescriptions are facilitated by private clinics. Today, we supply the U.K. market with mainly whole flower products from brands such as Good Supply through our distributor partners with sights on growing our portfolio to extracts and other formats. The Lyphe Acquisition brings deep clinical expertise and a strong patient-first approach that immediately strengthens our capabilities in the U.K.

Ireland. In June 2019, the Minister for Health signed legislation allowing for the operation of the Medical Cannabis Access Programme (“MCAP”) on a pilot basis for five years. The MCAP allows a medical consultant to prescribe a cannabis-based treatment for a narrow set of specified medical conditions, where the patient has failed to respond to standard treatment. Reimbursement is available for products which have received the appropriate approvals. Tilray was one of the first players to enter the Irish market and is one of a few suppliers which has received approval for its products to be prescribed and to have been granted reimbursement status. Today, we supply our approved extract product to Ireland through our distribution partner.

Italy. In May 2023, Tilray Medical received authorization from Italy’s Ministry of Health to distribute three new medical cannabis compounds. These medical cannabis compounds are distributed by Tilray Medical Italia to pharmacies across Italy. We have an established broad national pharmaceutical distribution network in Italy, where medical cannabis is prescribed by doctors and reimbursed by the healthcare system to eligible patients. In 2025, Tilray has received additional cannabis flower and extract product authorizations and has formed a strategic partnership with Molteni Farmaceutici with the commitment to broaden the availability of Tilray Medical products for patients across Italy.

Australia. In 2016, the Australian Government legalized medicinal cannabis, which is regulated by the Therapeutic Goods Administration. Medical cannabis is prescribed by a doctor but there is no coverage under the Pharmaceutical Benefits Scheme. Tilray Medical supplies the market with a wide portfolio of medical cannabis extracts as well as whole flower products. As the market continues to mature, we have seen increased demands and differentiation specifically with medical cannabis flowers. In response, we launched the Broken Coast, Redecan and Good Supply brands and products, which provides the patient with a segmented portfolio of products while we continue to deliver on the trust, safety and consistency that has become expected from our Tilray Medical brand.

Luxembourg. Luxembourg established its medical cannabis framework in 2018, with the national program operational since February 2019. Medical cannabis is tightly regulated, accessible only through trained physicians and dispensed exclusively via hospital pharmacies. Prescriptions are limited to patients with defined, severe medical conditions, and all treatments are covered by public health insurance. In January 2025, Luxembourg updated its regulations to phase-out high-THC flower products, now permitting only balanced or high-CBD flower and oil-based extracts. This shift reflects the government’s commitment to standardized, pharmaceutical-grade cannabis therapies and patient safety. Tilray Deutschland GmbH was awarded the official government tender in 2025 to supply medical cannabis flower, demonstrating our leadership in centralized procurement and compliance with Luxembourg’s rigorous standards.

Portugal. Portugal legalized medical cannabis in July 2018. The regulatory framework is overseen by INFARMED, requiring Market Placement Authorization (ACM) for all non-pharmaceutical cannabis products, with strict GACP and GMP compliance. While domestic patient access remains limited due to stringent product approvals and the absence of public reimbursement, Portugal has emerged as a leading European producer and exporter of medical cannabis, supplying high-value markets such as Germany, Poland, and Australia. In 2021, Tilray received the first Authorization for Placement on the Market for dried flower, with additional product approvals in 2024, reinforcing our pioneering role in Portugal’s medical cannabis sector. Our strategic investments in cultivation and manufacturing, combined with robust compliance and documentation standards, enable Tilray to deliver EU-GMP quality products to both domestic and international markets. As Portugal explores adult-use reform, we expect that Tilray’s established reputation and operational excellence position us to capitalize on future regulatory developments and market expansion.

Spain. Spain introduced a formal medical cannabis framework in October 2025 (Royal Decree 903/2025), marking the first time cannabis-based treatments are systematically regulated within its healthcare system. The model is highly controlled and built around standardized cannabis preparations (magistral formulas) rather than licensed commercial products, with strict requirements on composition (THC/CBD), manufacturing quality, traceability, and pharmacovigilance under the supervision of the Spanish Medicines Agency (AEMPS).

Ukraine. Ukraine established a national medical cannabis framework in 2024, driven largely by the need to treat war-related conditions such as chronic pain and post-traumatic stress disorder (PTSD). The law (No. 3528-IX), signed in February 2024 and effective from August 16, 2024, legalized cannabis for medical, scientific, and educational purposes, removing cannabis extracts from the list of prohibited substances and enabling their cultivation, manufacturing, import/export, and dispensing under strict licensing and quota controls. The regulatory system is highly

pharmaceutical in nature: products must be registered as medicines or compounded in pharmacies using approved APIs, with full traceability, security requirements (e.g. controlled cultivation environments and surveillance), and oversight by the Ministry of Health and the State Medicines Service.

Brazil. Brazil has recently implemented a major overhaul of its medical cannabis regulatory framework (2025–2026), transitioning from a temporary, import-dependent model (RDC 327/2019) to a more comprehensive, pharmaceutical-grade system covering the entire value chain. The new rules adopted by ANVISA in early 2026 (notably RDC 1.012–1.015/2026) establish for the first time clear provisions for cultivation, manufacturing, research, and commercialization under strict licensing and oversight. Cannabis products are formally defined as industrialized medicinal products based primarily on CBD or CBD-dominant extracts, reinforcing a pharmaceutical approach and excluding non-medical formats (e.g. cosmetics or wellness products). The framework also introduces domestic cultivation ($\leq 0.3\%$ THC) for medical purposes, a regulatory sandbox for controlled pilot activities (including patient associations), and stricter GMP, traceability, and quality standards aligned with international norms.

France. France is approaching full approval of a permanent medical cannabis framework, following a multi-year pilot (2021–2026) and a prolonged regulatory process. The government has already finalized the core legal architecture, including draft decrees covering prescription, production, and distribution, which have been submitted to the European Commission and reviewed by the Conseil d’État.

The forthcoming approval is expected to introduce a highly controlled, evidence-driven model: cannabis will be prescribed only as treatment for defined conditions (e.g. neuropathic pain, epilepsy, multiple sclerosis spasticity, oncology and palliative care), using standardized pharmaceutical products (oils, capsules, possibly vaporized formats) under strict ANSM oversight. Prescription will initially remain specialist-led, with potential gradual involvement of general practitioners, and products will require full pharmaceutical compliance (quality, traceability, GMP). A critical pending step is the HAS (Haute Autorité de Santé) evaluation, expected to determine reimbursement and clinical value in late 2026, which will ultimately define real patient access. If favorable, broad patient access is targeted for 2027, positioning France as a large regulated medical cannabis market.

U.S. cannabis market trends.

In April 2026, the U.S. Department of Justice issued an order rescheduling FDA-approved cannabis products and state-licensed medical cannabis from Schedule I to Schedule III under the Controlled Substances Act. Concurrently, the DEA is conducting an expedited administrative hearing to consider broader rescheduling, which faces legal challenges in the D.C. Circuit Court of Appeals. As a global leader in medical cannabis, we believe we are well-positioned to participate in a federally compliant U.S. medical cannabis market, but we are monitoring the regulatory landscape and legal challenges that are ongoing. We continue to believe that these recent efforts to reschedule cannabis from Schedule I to Schedule III under the Controlled Substances Act represent meaningful progress toward broader cannabis reform and have the potential to accelerate clinical research, broaden patient access, and support the development of a regulated, science-driven medical cannabis market in the United States.

Wellness market trends.

Tilray Wellness’s branded business continues to grow across brick-and-mortar retail as well as e-commerce, which we believe further establishes its leading market share position in better-for-you categories. The Company continues to focus on value-added innovation within natural and organic food and beverages across branded and ingredient sales. We continue to participate in multiple growing categories including super-seeds, better-for-you breakfast, better-for-you snacking, as well as functional beverages and natural energy drinks. Within our Ingredients sales business, we have expanded our range of offerings in hemp protein and hemp oil, helping us further develop our business in North America and Asia.

Acquisitions, Strategic Transactions and Synergies

We strive to continue to expand our business, on a consolidated basis, through a combination of organic growth and acquisition. While we continue to execute against our strategic initiatives that we believe will result in long-term, sustainable growth and value to our stockholders, we continue to evaluate potential acquisitions and other strategic transactions of businesses that we believe complement our existing portfolio, infrastructure and capabilities or provide us with the opportunity to enter attractive new geographic markets and product categories as well as expand our existing capabilities. In addition, we have exited certain businesses and continue to evaluate certain businesses within our portfolio that are dilutive to profitability and cash flow. As a result, we incur transaction costs in connection with identifying and completing acquisitions and strategic transactions, as well as ongoing integration and restructuring

costs as we combine acquired companies and continue to achieve synergies, which is offset by income generated in connection with the execution of these transactions. For the year ended May 31, 2026, we incurred \$6.3 million of transaction costs (income), net, as discussed further below.

Carlsberg. On February 5, 2026, we entered into an exclusive licensing agreement, which commences on January 1, 2027, with the Carlsberg Group, one of the world's premier brewing organizations and among the largest globally by revenue. Under the terms of the agreement, Tilray has been granted a multi-year license to produce, market, sell and distribute Carlsberg®, Carlsberg Elephant®, 1664®, and Kronenbourg 1664 Blanc® branded beers across all channels in the United States, beginning January 1, 2027. The agreement has an initial five-year term, with an automatic renewal for an additional five years subject to performance criteria.

Panama. On October 13, 2025, we entered into a strategic partnership for medical cannabis operations in Panama. Under this partnership, the Company holds a 25% equity interest in Solana Life Group, S. de R.L., a Panamanian entity. The joint venture is engaged in the importation, distribution, and commercialization of medical cannabis products in Panama. During the fiscal year ended May 31, 2026, there were no transactions with this entity.

BrewDog. Between March and April 2026, Tilray completed the BrewDog Acquisition. As the only global craft beer brand, the BrewDog Acquisition served to transform our beverage platform from a U.S. platform to a global platform and provided us with the international presence, team and capabilities to support the broader distribution of our U.S. beverage brands across key international markets, all in line with our previously disclosed ambition.

Lyphe. On April 15 2026, Tilray acquired the Lyphe Group, a UK-based medical cannabis clinic and digital pharmacy platform. Through Lyphe's online clinic and pharmacy platform, we will seek to enhance access to medical cannabis while accelerating its existing capabilities in dispensing traditional prescription medicines, creating a seamless, digitally enabled patient experience.

Beverage segment Project 420:

During the fiscal quarter ended February 28, 2026, we considered the Project 420 plan to be completed due to reaching the cost savings target that we had set out to achieve even though there are still ongoing initiatives relating to additional cost savings, SKU rationalization and distributor rationalization. As a result of the actions implemented under the plan, the Company expects to realize ongoing cost savings and operational efficiencies in future periods.

In November 2020, we entered the beverage category with the acquisition of SweetWater Brewing Company, one of the largest independent craft brewers in the U.S. by volume, with the vision of creating a larger and more diversified global lifestyle consumer products company. This initial acquisition provided us with a foundation to pursue additional acquisitions in the beverage category and scale our business on a national basis. We acquired Alpine Beer Company, Green Flash and Breckenridge Distillery in December 2021, Montauk Brewing Company in November 2022, Craft Acquisition I in October 2023 and Craft Acquisition II in September 2024.

With Craft Acquisition I and Craft Acquisition II, we capitalized on opportunities to acquire additional beverage businesses that consisted of strong brands in decline and in need of investment in order to promote growth at a significantly reduced price. To support the growth of these acquired brands and establish a clear path to profitability, we implemented Project 420, which was a comprehensive plan covering (i) SKU rationalization; (ii) Geographic rationalization; (iii) Distributor rationalization; and (iv) synergy optimization plan through which we expect to invest in the acquired brands for growth and improve profitability:

- SKU optimization/rationalization – In response to the declining growth in the craft beer industry and consolidation of distributors, we are working with our distributors in various markets to streamline our portfolio by eliminating duplicative, lower margin and slower growth products, which has the immediate effect of reducing revenue. However, by eliminating these slower moving and lower margin SKUs, we are able to focus our attention and resources on our higher margin and faster growing SKUs, as well as the introduction of new innovation, which we expect will accelerate our revenue growth in future quarters. This initiative is still ongoing.
- Geographic rationalization – On a consolidated basis, we generate sales in all states however, our brands are significantly stronger in their home markets. For example, SweetWater is located in Georgia and, as a result, its revenues are stronger in Georgia, Alabama, North Carolina and Florida, while 10 Barrel, which is located in Oregon has stronger revenue in Oregon, Washington, Idaho and Wyoming. In away markets, like Oregon for SweetWater, and Georgia for 10 Barrel, the brands are not as strong and so distribution is de-empathized.

Our geographic rationalization works to concentrate our efforts in individual states with our strongest brands in those states. As we reduce the distribution of away markets brands in those states, we are working to increase the distribution and shelf space of home market brands. This initiative is consistent with our Regional Jewel strategy developed in conjunction with the Boston Consulting Group.

- Distributor rationalization – As a result of our various acquisitions, we have over 750 distributors and 975 distributor shipping locations. As a result, we are shipping to multiple distributors in the same geography as well as splitting the allocation of local brands between multiple distributors. The goal of the distributor rationalization is to reduce our distributor footprint down to between 450 and 500 distributors, concentrating those distributors' effort on our brands and SKUs, while minimizing logistical complexities. This initiative is still ongoing.
- Synergy optimization plan – We previously announced a \$33.0 million synergy plan focused on optimizing our production footprint and eliminating redundancies in manufacturing and warehouse assets. By integrating the newly acquired facilities into our existing footprint, we are optimizing capacities, utilization and better absorbing fixed overheads. This in turn is improving our gross margins. During the fiscal year ended May 31, 2026, we have completed the synergy optimization plan achieving the \$33.0 million target. While this initiative is complete, management remains focused on disciplined cost management and continues to advance additional cost-saving initiatives across the business to drive further margin improvement and operating efficiency.
- Brand and business investment – We have been and are continuing to increase our investment in the marketing, promotion and infrastructure of our core brands in order to re-establish their dominance in their home markets. Our intention is to fund this investment through the cost savings and synergies achieved through Project 420 as well as future cost savings and operational efficiency initiatives.

Political and Economic Environment

Our results of operations may continue to be affected by economic, political, legislative, regulatory, legal actions, global volatility and general market disruption resulting from geopolitical tensions, such as Russia's continued incursion into Ukraine, the ongoing events in the Middle East, including the conflict involving Iran, and political uncertainty in certain countries in Europe. Escalation of hostilities in the Middle East, including Iran, could further disrupt global energy markets, fuel prices, transportation networks, and supply chains, particularly in Europe, which may indirectly impact operating costs and consumer demand. Economic conditions, such as recessionary trends, inflation, supply chain disruptions, interest and monetary exchange rates, government fiscal policies, and the recent economic uncertainties resulting from certain changes in U.S. global economic policy, including changes on global trade policies can have a significant effect on operations. More specifically, there are limited expected impacts on revenue from the recently enacted U.S. tariffs and foreign enacted retaliatory tariffs in most reporting segments. However, on July 20, 2026, the U.S. government announced additional 50% tariffs on certain Canadian imports. To the extent these tariffs become effective, they predominantly would apply to products sold by the Company's Wellness reporting segment, and could increase costs, disrupt supply chains and distribution channels, and may adversely impact Wellness operating results. The Company is actively monitoring developments related to these tariffs, evaluating potential impacts on its business, and adapting its operations and mitigation strategies as appropriate. From a cost perspective, we believe the recently enacted tariffs have and may continue to impact input materials such as aluminum, hops, barley, malt and vape componentry, which are partially imported. We intend to mitigate these impacts to the extent possible.

In addition, the recent U.S. federal regulatory developments regarding cannabis rescheduling represent a significant shift in the political and legislative environment. This evolution is expected to lead to a legitimate regulatory framework for the provision and use of medical cannabis as a therapy for a multitude of conditions and disease states, bring U.S. drug policy in line with the drug policies of other countries around the world today. We expect that this will also lead to more research, clinical development, and education, aligning closely with Tilray's established global expertise in regulated medical cannabis markets. We continue to monitor these recent developments, including the recent legal challenges to these regulatory developments in the D.C Circuit of Appeals. With more clarity on the regulatory framework and the outcomes of the legal challenges, we intend to leverage our proven compliance infrastructure, scientific knowledge, and operational scale to expand responsibly in the U.S. market, introducing medical-grade cannabis products in targeted therapeutic formats. While these developments present significant long-term growth opportunities, they also introduce new regulatory complexities and potential risks that we will continue to monitor closely.

Results of Operations

Our consolidated results, in millions except for per share data, are as follows:

(in thousands of U.S. dollars)	For the year ended May 31,			Change		Change	
	2026	2025	2024	2026 vs. 2025		2025 vs. 2024	
Net revenue	\$ 915,454	\$ 821,309	\$ 788,942	\$ 94,145	11%	\$ 32,367	4%
Cost of goods sold	655,013	580,739	565,591	74,274	13%	15,148	3%
Gross profit	260,441	240,570	223,351	19,871	8%	17,219	8%
Operating expenses:							
General and administrative	203,629	167,324	167,358	36,305	22%	(34)	(0)%
Selling	49,328	56,039	37,233	(6,711)	(12)%	18,806	51%
Amortization	19,585	88,616	84,752	(69,031)	(78)%	3,864	5%
Marketing and promotion	42,290	37,048	41,933	5,242	14%	(4,885)	(12)%
Research and development	361	284	635	77	27%	(351)	(55)%
Change in fair value of contingent consideration	(15,000)	—	(15,790)	(15,000)	NM	15,790	(100)%
Impairment of intangible assets and goodwill.	—	2,096,139	—	(2,096,139)	(100)%	2,096,139	NM
Other than temporary change in fair value of convertible notes receivable.	—	21,661	42,681	(21,661)	(100)%	(21,020)	(49)%
Litigation costs, net of recoveries.	3,902	17,347	8,251	(13,445)	(78)%	9,096	110%
Restructuring costs.	13,113	34,283	15,581	(21,170)	(62)%	18,702	120%
Transaction costs (income), net . .	6,260	4,534	15,462	1,726	38%	(10,928)	(71)%
Total operating expenses	323,468	2,523,275	398,096	(2,199,807)	(87)%	2,125,179	534%
Operating loss	(63,027)	(2,282,705)	(174,745)	2,219,678	(97)%	(2,107,960)	1,206%
Interest expense, net.	(23,663)	(29,952)	(36,433)	6,289	(21)%	6,481	(18)%
Non-operating (expense) income, net.	(1,370)	10,284	(37,842)	(11,654)	(113)%	48,126	(127)%
Loss before income taxes.	(88,060)	(2,302,373)	(249,020)	2,214,313	(96)%	(2,053,353)	825%
Income tax expense	17,098	(121,017)	(26,616)	138,115	(114)%	(94,401)	355%
Net loss.	<u>\$ (105,158)</u>	<u>\$ (2,181,356)</u>	<u>\$ (222,404)</u>	<u>\$ 2,076,198</u>	<u>(95)%</u>	<u>\$ (1,958,952)</u>	<u>881%</u>

Use of Non-GAAP Measures

The Company reports its financial results in accordance with U.S. GAAP. However, throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations in this Annual Report on Form 10-K, we discuss non-GAAP financial measures, including reference to:

- adjusted gross profit (excluding purchase price allocation ("PPA") step up) consolidated and for each reporting segment (Cannabis, Beverage, Distribution and Wellness),
- adjusted gross margin (excluding PPA step up) consolidated and for each reporting segment (Cannabis, Beverage, Distribution and Wellness),
- adjusted EBITDA,
- cash, restricted cash and marketable securities, and
- constant currency presentation of net revenue (by segment and consolidated).

These non-GAAP financial measures should be considered in addition to, and not in lieu of, the financial measures calculated and presented in accordance with generally accepted accounting principles in the United States of America, ("GAAP"). These financial measures, which may be different than similarly titled financial measures used by other companies, are presented to help investors' overall understanding of our financial performance and should not be

considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Please see “Reconciliation of Non-GAAP Financial Measures to GAAP Measures” below for reconciliation of such non-GAAP financial measures to the most directly comparable GAAP financial measures, as well as a discussion of our adjusted gross margin, adjusted gross profit and adjusted EBITDA measures and the calculation of such measures.

Constant Currency Presentation

We believe that this measure provides useful information to investors because it provides transparency to underlying performance in our consolidated net sales by excluding the effect that foreign currency exchange rate fluctuations have on period-to-period comparability given the volatility in foreign currency exchange markets. To present this information for historical periods, current period net sales for entities reporting in currencies other than the U.S. Dollar are translated into U.S. Dollars at the average monthly exchange rates in effect during the corresponding period of the prior fiscal year rather than at the actual average monthly exchange rate in effect during the current period of the current fiscal year. As a result, the foreign currency impact is equal to the current year’s results in local currencies multiplied by the change in average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year.

Cash, Restricted Cash and Marketable Securities

The Company combines the Cash and cash equivalent and restricted cash financial statement line item with the Marketable securities financial statement line item as an aggregate total as reconciled in the liquidity and capital resource section below. The Company’s management believes that this presentation provides useful information to management, analysts and investors regarding certain additional financial and business trends relating to its short-term liquidity position by combining these two GAAP metrics.

Operating Metrics and Non-GAAP Measures

We use the operating metrics and non-GAAP measures set forth in the table below to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions. Other companies, including companies in our industry, may calculate operating metrics and non-GAAP measures with similar names differently which may reduce their usefulness as comparative measures. Certain variances are labeled as not meaningful (“NM”) throughout management’s discussion and analysis.

(in thousands of U.S. dollars)	For the year ended May 31,		
	2026	2025	2024
Net beverage revenue	\$253,976	\$240,595	\$202,094
Net cannabis revenue	268,342	249,001	272,798
Distribution revenue	327,244	271,228	258,740
Wellness revenue	65,892	60,485	55,310
Beverage costs	162,743	147,591	113,522
Cannabis costs	161,256	150,005	182,594
Distribution costs	286,589	241,896	230,596
Wellness costs	44,425	41,247	38,879
Adjusted gross profit (excluding PPA step-up) ⁽¹⁾	262,591	242,180	235,581
Beverage adjusted gross margin (excluding PPA step-up) ⁽¹⁾	37%	39%	46%
Cannabis adjusted gross margin (excluding PPA step-up) ⁽¹⁾	40%	40%	36%
Distribution gross margin	12%	11%	11%
Wellness gross margin	33%	32%	30%
Adjusted EBITDA ⁽¹⁾	\$ 61,139	\$ 55,035	\$ 60,465
Cash, restricted cash and marketable securities (1) as at the year ended:	234,631	256,363	260,522
Working capital as at the year ended:	\$433,754	\$408,323	\$378,540

(1) Adjusted EBITDA, adjusted gross profit, adjusted gross margin for each of our segments are non-GAAP financial measures, and cash, restricted cash and marketable securities. See “Reconciliation of Non-GAAP Financial Measures to GAAP Measures” below for a reconciliation of these Non-GAAP Measures to our most comparable GAAP measure and the discussion above captioned “Cash, Restricted Cash and Marketable Securities.”

Segment Reporting

Our reportable segments net revenue is primarily comprised of net revenues from our beverage, cannabis, distribution, and wellness operations, as follows:

(in thousands of U.S. dollars)	For the year ended May 31,			Change		Change	
	2026	2025	2024	2026 vs. 2025		2025 vs. 2024	
Beverage business	\$253,976	\$240,595	\$202,094	\$13,381	6%	\$ 38,501	19%
Cannabis business	268,342	249,001	272,798	19,341	8%	(23,797)	(9)%
Distribution business	327,244	271,228	258,740	56,016	21%	12,488	5%
Wellness business	65,892	60,485	55,310	5,407	9%	5,175	9%
Total net revenue	<u>\$915,454</u>	<u>\$821,309</u>	<u>\$788,942</u>	<u>\$94,145</u>	<u>11%</u>	<u>\$ 32,367</u>	<u>4%</u>

Our reportable segments net revenue reported in constant currency⁽¹⁾ are as follows:

(in thousands of U.S. dollars)	For the year ended May 31, as reported in constant currency		Change	
	2026	2025	Change 2026 vs. 2025	% Change
Beverage business	252,893	\$240,595	\$12,298	5%
Cannabis business	260,773	249,001	11,772	5%
Distribution business	304,728	271,228	33,500	12%
Wellness business	65,510	60,485	5,025	8%
Total net revenue	<u>\$883,904</u>	<u>\$821,309</u>	<u>\$62,595</u>	<u>8%</u>

Our geographic net revenue is, as follows:

(in thousands of U.S. dollars)	For the year ended May 31,			Change		Change	
	2026	2025	2024	2026 vs. 2025		2025 vs. 2024	
USA	\$242,390	\$273,695	\$233,141	\$ (31,305)	(11)%	\$ 40,554	17%
Canada	215,661	212,860	243,722	2,801	1%	(30,862)	(13)%
EMEA	445,698	323,350	296,450	122,348	38%	26,900	9%
Rest of World	11,705	11,404	15,629	301	3%	(4,225)	(27)%
Total net revenue	<u>\$915,454</u>	<u>\$821,309</u>	<u>\$788,942</u>	<u>\$ 94,145</u>	<u>11%</u>	<u>\$ 32,367</u>	<u>4%</u>

Our geographic net revenue in constant currency⁽¹⁾ is, as follows:

(in thousands of U.S. dollars)	For the year ended May 31, as reported in constant currency		Change	
	2026	2025	Change 2026 vs. 2025	% Change
USA	\$242,390	\$273,695	\$(31,305)	(11)%
Canada	213,708	212,860	848	0%
EMEA	415,504	323,350	92,154	28%
Rest of World	12,302	11,404	898	8%
Total net revenue	<u>\$883,904</u>	<u>\$821,309</u>	<u>\$ 62,595</u>	<u>8%</u>

(1) The constant currency presentation of our Cannabis revenue based on market channel is a non-GAAP financial measure. See “Use of Non-GAAP Measures—Constant Currency Presentation” above for a discussion of these Non-GAAP Measures.

Our geographic capital assets are, as follows:

(in thousands of U.S. dollars)	For the year ended May 31,		Change	
	2026	2025	2026 vs. 2025	
USA	\$207,592	\$200,003	\$ 7,589	4%
Canada	245,799	267,458	(21,659)	(8)%
EMEA	202,598	97,371	105,227	108%
Rest of World	24,236	3,601	20,635	573%
Total capital assets	<u>\$680,225</u>	<u>\$568,433</u>	<u>\$ 111,792</u>	<u>20%</u>

Beverage revenue

Net revenue from our Beverage operations increased to \$254.0 million for the fiscal year ended May 31, 2026, compared to net revenue of \$240.6 million for the prior fiscal year ended May 31, 2025. Results for the current fiscal year include incremental net revenues of \$51.1 million associated with the BrewDog Acquisition completed during the fourth fiscal quarter. Excluding the impact of the BrewDog Acquisition, the year-over-year decrease was primarily attributable to continued industry-wide challenges across the craft beer, spirits, and brewpub categories and broader competitive pressures, which resulted in lower volumes sold. Additionally, the decline was driven in part by margin-focused actions, which reduced net revenue by approximately \$16.6 million during the fiscal year. Lastly, the HD-D9 category was negatively impacted by recently enacted changes to the Farm Bill, which will restrict the future sale of our HD-D9 beverages and, as a result, reduced net revenue by approximately \$2.1 million during the fiscal year.

These impacts were partially offset by the inclusion of sales from Craft Acquisition II, effective September 1, 2024, which were not reflected in the full comparative period and would have increased beverage revenue for the fiscal year ended May 31, 2025, by approximately \$13.6 million.

Cannabis revenue

Cannabis revenue based on market channel is, as follows:

(in thousands of US dollars)	For the year ended May 31,			Change		Change	
	2026	2025	2024	2026 vs. 2025		2025 vs. 2024	
Revenue from Canadian medical cannabis	\$ 23,726	\$ 24,998	\$ 25,211	\$ (1,272)	(5)%	\$ (213)	(1)%
Revenue from Canadian adult-use cannabis	236,352	224,048	266,846	12,304	5%	(42,798)	(16)%
Revenue from wholesale cannabis	7,318	18,207	25,340	(10,889)	(60)%	(7,133)	(28)%
Revenue from international cannabis	84,910	63,356	53,295	21,554	34%	10,061	19%
Total cannabis revenue	352,306	330,609	370,692	21,697	7%	(40,083)	(11)%
Excise taxes	(83,964)	(81,608)	(97,894)	(2,356)	3%	16,286	(17)%
Total cannabis net revenue	<u>\$268,342</u>	<u>\$249,001</u>	<u>\$272,798</u>	<u>\$ 19,341</u>	<u>8%</u>	<u>\$ (23,797)</u>	<u>(9)%</u>

Cannabis revenue based on market channel in constant currency⁽¹⁾ is, as follows:

(in thousands of US dollars)	For the year ended May 31, as reported in constant currency		Change	
	2026	2025	Change	% Change
Revenue from Canadian medical cannabis	\$ 23,505	\$ 24,998	\$ (1,493)	(6)%
Revenue from Canadian adult-use cannabis	234,365	224,048	10,317	5%
Revenue from wholesale cannabis	7,295	18,207	(10,912)	(60)%
Revenue from international cannabis	78,899	63,356	15,543	25%
Total cannabis revenue	344,064	330,609	13,455	4%
Excise taxes	(83,291)	(81,608)	(1,683)	2%
Total cannabis net revenue	<u>\$260,773</u>	<u>\$249,001</u>	<u>\$ 11,772</u>	<u>5%</u>

(1) The constant currency presentation of our Cannabis revenue based on market channel is a non-GAAP financial measure. See “Use of Non-GAAP Measures—Constant Currency Presentation” above for a discussion of these Non-GAAP Measures.

Revenue from Canadian medical cannabis:

Gross revenue from Canadian medical cannabis decreased 5% to \$23.7 million for the fiscal year ended May 31, 2026, compared to gross revenue of \$25.0 million for the fiscal year ended May 31, 2025. On a constant currency basis, gross revenue from Canadian medical cannabis decreased to \$23.5 million for the fiscal year ended May 31, 2026. The decrease in gross revenue from medical cannabis, on a constant currency basis, was primarily driven by a reduction in the Veterans Affairs Canada reimbursement ceiling from \$8.50 to \$6.00 per gram, effective April 1, 2026, as enacted under the Canadian federal government's Budget 2025, which reduced revenue by approximately \$0.8 million during the fiscal year. The remaining decrease was attributed to uninsured patient attrition to the adult-use recreational market.

Revenue from Canadian adult-use cannabis:

During the fiscal year ended May 31, 2026, our gross revenue from Canadian adult-use cannabis product increased 5% to \$236.4 million, compared to revenue of \$224.0 million for the prior fiscal year ended May 31, 2025. On a constant currency basis, our gross revenue from Canadian adult-use cannabis increased 5% to \$234.4 million for the fiscal year ended May 31, 2026. The increase in gross adult-use revenue was primarily driven by a 28% increase in the traditional pre-roll category, reflecting the successful launch of innovation SKUs, including Good Supply Double Dutchies. This growth was partially offset by a 4% decline in our largest category, the whole flower category, primarily due to the commencement of strain rotation within our cultivation program, which temporarily constrained supply. In addition, certain inventory was redirected to international markets, which would otherwise have generated approximately \$3.9 million of revenue in the Canadian market. Notably, the Company has continued to invest in its cultivation footprint, including the decision to restart cultivation at its Quebec facility to support the growing demand in both the Canadian and international markets. Given the higher margins generally realized on international cannabis sales, the Company may, when advantageous, continue to allocate inventory to international markets, which could negatively impact Canadian adult-use and wholesale cannabis revenue in future periods as the Company continues to scale its infrastructure.

Revenue from wholesale cannabis:

Gross revenue from wholesale cannabis decreased to \$7.3 million for the fiscal year ended May 31, 2026, compared to revenue of \$18.2 million for the prior fiscal year ended May 31, 2025. On a constant currency basis, gross revenue from wholesale cannabis for the fiscal year ended May 31, 2026 was \$7.3 million. Due to the transition by many licensed producers in the Canadian market to asset-light business models, the Canadian cannabis industry has experienced a reduction in excess inventory resulting in price increases in the B2B market. As a result of this shift in market dynamics and demand, we continue to evaluate the market and may opportunistically sell into the wholesale market where it makes sense or allocate it to international markets. Specifically, during the fiscal year ended May 31, 2026, wholesale cannabis revenue declined compared to the prior year periods as the Company strategically redirected product to other markets, resulting in a 53% decrease in wholesale gram equivalents sold, respectively.

Revenue from international cannabis:

Net revenue from international cannabis increased 34% to \$84.9 million for the fiscal year ended May 31, 2026, compared to net revenue of \$63.4 million for the fiscal year ended May 31, 2025. On a constant currency basis, given the strengthening of the Euro against the U.S. Dollar when compared to the prior fiscal year, net revenue from international cannabis increased 25% to \$78.9 million. The increase in net revenue from international cannabis markets during the fiscal year, was primarily attributable to growth in the German medical cannabis market, which increased by \$9.7 million as a result of an enhanced supply chain, increased distribution, and the receipt of previously backlogged permits. This growth was further supported by a \$8.0 million increase in Poland, driven by patient adoption of an in-person prescription model, and a \$1.7 million increase in the United Kingdom through our targeted expansion into emerging markets and the Lyphe Acquisition. Despite increased gram equivalents sold, international cannabis revenue was negatively impacted by price compression of approximately \$21.1 million. Notwithstanding this pricing pressure, international cannabis sales continue to generate higher margins than Canadian cannabis sales, and the Company remains focused on optimizing its product mix and geographic allocation to maximize profitability. Lastly, international cannabis revenue may fluctuate from quarter to quarter based upon the timing of the receipt of export/import permits as well as the timing of shipments from one quarter to the next.

Distribution revenue

Net revenue from Distribution operations increased 21% to \$327.2 million for the fiscal year ended May 31, 2026, compared to net revenue of \$271.2 million for the prior fiscal year ended May 31, 2025. On a constant currency basis,

given the change in the Euro and Argentine Peso against the U.S. Dollar during the fiscal year, net revenue from Distribution was \$304.7 million for the fiscal year ended May 31, 2026. The currency adjusted increase in Distribution revenue for the fiscal year was primarily driven by a focus on competitive pricing and product mix, as evidenced by a 6% increase in average selling price, and an 8% increase in units sold, reflecting greater emphasis on higher-velocity SKUs, as well as favorable foreign exchange impacts.

Wellness revenue

Our Wellness net revenue increased to \$65.9 million for the fiscal year ended May 31, 2026, compared to \$60.5 million for the fiscal year ended May 31, 2025. On a constant currency basis for the fiscal year ended May 31, 2026, Wellness net revenue increased to \$65.5 million. The increase in revenue was driven by our strategic focus on value-add innovations, including high protein super-seeds, better-for-you breakfast products, better-for-you snacking, and the continued success of our Hi-Ball clean energy drinks, which contributed approximately \$2.8 million of incremental revenue in the year. In addition, the acquisition of Blue Sky Hemp Venture's customer list contributed to the growth of our ingredients sales channel with approximately \$3.7 million of incremental revenue in the year. The remaining Wellness portfolio saw revenue decline of approximately \$1.5 million primarily due to a shift in one of our supply agreements within the Club retailer channel. The Company is focused on improving performance through increased distribution, assortment optimization, and promotional activity across its Club and Retail channels.

Gross profit and gross margin

Our gross profit and gross margin for the fiscal years ended May 31, 2026, 2025 and 2024 were as follows for our each of our operating segments:

(in thousands of U.S. dollars)	For the year ended May 31,			Change	% Change	Change	% Change
	2026	2025	2024	2026 vs. 2025		2025 vs. 2024	
Beverage							
Net revenue	\$253,976	\$240,595	\$202,094	\$13,381	6%	\$ 38,501	19%
Cost of goods sold	162,743	147,591	113,522	15,152	10%	34,069	30%
Gross profit	91,233	93,004	88,572	(1,771)	(2)%	4,432	5%
Gross margin	36%	39%	44%	(3)%	(8)%	(5)%	(11)%
Purchase price accounting step-up	2,150	1,610	4,602	540	34%	(2,992)	(65)%
Adjusted gross profit ⁽¹⁾	93,383	94,614	93,174	(1,231)	(1)%	1,440	2%
Adjusted gross margin ⁽¹⁾	37%	39%	46%	(2)%	(5)%	(7)%	(15)%
Cannabis							
Net revenue	268,342	249,001	272,798	19,341	8%	(23,797)	(9)%
Cost of goods sold	161,256	150,005	182,594	11,251	8%	(32,589)	(18)%
Gross profit	107,086	98,996	90,204	8,090	8%	8,792	10%
Gross margin	40%	40%	33%	0%	0%	7%	21%
Purchase price accounting step-up	—	—	7,628	—	NM	(7,628)	(100)%
Adjusted gross profit ⁽¹⁾	107,086	98,996	97,832	8,090	8%	1,164	1%
Adjusted gross margin ⁽¹⁾	40%	40%	36%	0%	0%	4%	11%
Distribution							
Net revenue	327,244	271,228	258,740	56,016	21%	12,488	5%
Cost of goods sold	286,589	241,896	230,596	44,693	18%	11,300	5%
Gross profit	40,655	29,332	28,144	11,323	39%	1,188	4%
Gross margin	12%	11%	11%	1%	9%	0%	0%
Wellness							
Net revenue	65,892	60,485	55,310	5,407	9%	5,175	9%
Cost of goods sold	44,425	41,247	38,879	3,178	8%	2,368	6%
Gross profit	21,467	19,238	16,431	2,229	12%	2,807	17%
Gross margin	33%	32%	30%	1%	3%	2%	7%

(in thousands of U.S. dollars)	For the year ended May 31,			Change	% Change	Change	% Change
	2026	2025	2024	2026 vs. 2025		2025 vs. 2024	
Total							
Net revenue	915,454	821,309	788,942	94,145	11%	32,367	4%
Cost of goods sold	655,013	580,739	565,591	74,274	13%	15,148	3%
Gross profit	260,441	240,570	223,351	19,871	8%	17,219	8%
Gross margin	28%	29%	28%	(1)%	(3)%	1%	4%
Purchase price accounting step-up . .	2,150	1,610	12,230	540	34%	(10,620)	(87)%
Adjusted gross profit ⁽¹⁾	262,591	242,180	235,581	20,411	8%	6,599	3%
Adjusted gross margin ⁽¹⁾	29%	29%	30%	0%	0%	(1)%	(3)%

(1) Adjusted gross profit is our Gross profit (adjusted to exclude purchase price accounting valuation step-up) and adjusted gross margin is our Gross margin (adjusted to exclude purchase price accounting valuation step-up) and are non-GAAP financial measures. See "Reconciliation of Non-GAAP Financial Measures to GAAP Measures" for additional discussion regarding these non-GAAP measures. The Company's management believes that adjusted gross profit and adjusted gross margin are useful to our management to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions. We do not consider adjusted gross profit and adjusted gross margin in isolation or as an alternative to financial measures determined in accordance with GAAP.

Adjusted Gross Profit and Adjusted Gross Margin

Adjusted gross profit and adjusted gross margin are non-GAAP financial measures and may not be comparable to similar measures presented by other companies. Adjusted gross profit is our Gross profit (adjusted to exclude purchase price accounting valuation step-up) and adjusted gross margin is our Gross margin (adjusted to exclude purchase price accounting valuation step-up) and are both non-GAAP financial measures. The Company's management believes that adjusted gross profit and adjusted gross margin are useful to our management to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions without the impacts of the aforementioned adjusted items. We do not consider adjusted gross profit and adjusted gross margin percentage in isolation or as an alternative to financial measures determined in accordance with GAAP.

Beverage gross margin:

Gross margin of 36% for the fiscal year ended May 31, 2026 decreased from 39% when compared to the fiscal year ended May 31, 2025. Adjusted gross margin of 37% decreased in the fiscal year ended May 31, 2026, from 39% in the fiscal year ended May 31, 2025. The change in the beverage gross margin and adjusted beverage gross margin for the fiscal year was driven by several factors, including our Craft Acquisition II, which historically has operated at a lower gross margin of approximately 25%, declining fixed overhead utilization as our volume levels relating to our legacy business have declined, higher input costs and timing delays in realizing the full benefits of our Project 420 cost savings initiatives. Additionally, increased discounting to support sales volume resulted in discounts of 6.9% for the fiscal year compared to 4.5% in the prior year period, which negatively impacted margins and was partially offset by reductions in marketing expenditures. These impacts were partially offset by the inclusion of BrewDog, which generated adjusted gross margin of approximately 40% and favorably impacted overall beverage adjusted gross margin for the fiscal year.

Cannabis gross margin:

Gross margin and adjusted gross margin remained consistent during the fiscal year ended May 31, 2026 at 40% when compared to the fiscal year ended May 31, 2025. Although both cannabis net revenue and gross profit increased during the fiscal year, gross margin percentage remained largely unchanged. This was primarily due to price compression in international markets, which negatively impacted international cannabis revenue during the fiscal year by approximately \$21.1 million, despite having increased the gram equivalents sold.

Distribution gross margin:

Gross margin increased to 12% for the fiscal year ended May 31, 2026, compared to 11% for the fiscal year ended May 31, 2025. The increase was primarily attributable to a favorable change in product mix, as evidenced by the increase in average selling price of approximately 6% during the fiscal year period, respectively, as well as initiatives undertaken to reduce input costs.

Wellness gross margin:

Gross margin increased to 33% for the fiscal year ended May 31, 2026, compared to gross margin of 32% for the fiscal year ended May 31, 2025. Gross margin remained relatively consistent period over period as strategic price increases largely offset unfavorable changes in sales mix.

Operating expenses

(in thousands of US dollars)	For the year ended May 31,			Change		Change	
	2026	2025	2024	2026 vs. 2025		2025 vs. 2024	
General and administrative	\$203,629	\$ 167,324	\$167,358	\$ 36,305	22%	\$ (34)	(0)%
Selling	49,328	56,039	37,233	(6,711)	(12)%	18,806	51%
Amortization	19,585	88,616	84,752	(69,031)	(78)%	3,864	5%
Marketing and promotion	42,290	37,048	41,933	5,242	14%	(4,885)	(12)%
Research and development	361	284	635	77	27%	(351)	(55)%
Change in fair value of contingent consideration	(15,000)	—	(15,790)	(15,000)	NM	15,790	(100)%
Impairment of intangible assets and goodwill	—	2,096,139	—	(2,096,139)	(100)%	2,096,139	NM
Other than temporary change in fair value of convertible notes receivable	—	21,661	42,681	(21,661)	(100)%	(21,020)	(49)%
Litigation costs, net of recoveries	3,902	17,347	8,251	(13,445)	(78)%	9,096	110%
Restructuring costs	13,113	34,283	15,581	(21,170)	(62)%	18,702	120%
Transaction costs (income), net .	6,260	4,534	15,462	1,726	38%	(10,928)	(71)%
Total operating expenses	<u>\$323,468</u>	<u>\$2,523,275</u>	<u>\$398,096</u>	<u>\$(2,199,807)</u>	<u>(87)%</u>	<u>\$2,125,179</u>	<u>534%</u>

Operating expenses are comprised of general and administrative; selling; amortization; marketing and promotion; research and development; change in fair value of contingent consideration; impairment of intangible assets and goodwill; other than temporary change in fair value of convertible notes receivable; litigation costs, net of recoveries; restructuring costs; and transaction costs (income), net. These costs decreased by \$2,199.8 million to \$323.5 million for the fiscal year ended May 31, 2026, compared to \$2,523.3 million for the fiscal year ended May 31, 2025. These decreases were primarily attributable to \$2,096.1 million of non-cash impairments of goodwill and intangible assets and a \$21.7 million other-than-temporary decrease in the fair value of the MedMen convertible note recorded in the prior year, which did not repeat in the current period. In addition, the fiscal year ended May 31, 2026 had lower amortization expense following the intangible asset impairment recorded during the fiscal year ended May 31, 2025, a \$15.0 million gain related to the change in fair value of the Montauk contingent consideration, and lower selling and non-recurring litigation, and restructuring costs. These decreases were partially offset by higher general and administrative, marketing and promotion, and transaction costs (income), net. Additionally results for the current fiscal year include incremental operating expenses of \$28.7 million associated with the BrewDog Acquisition and Lyphe acquisition completed during the fourth fiscal quarter, which is discussed in further detail below:

General and administrative costs

(in thousands of US dollars)	For the year ended May 31,			Change		Change	
	2026	2025	2024	2026 vs. 2025		2025 vs. 2024	
Salaries and wages	\$ 91,448	88,015	83,673	\$ 3,433	4%	\$ 4,342	5%
Office and general	42,171	28,314	28,460	13,857	49%	(146)	(1)%
Stock-based compensation	45,940	24,289	31,769	21,651	89%	(7,480)	(24)%
Insurance	9,792	11,843	12,586	(2,051)	(17)%	(743)	(6)%
Professional fees	4,238	4,765	5,345	(527)	(11)%	(580)	(11)%
Gain on sale of capital assets	(509)	928	(4,198)	(1,437)	(155)%	5,126	(122)%
Travel and accommodation	5,569	5,717	5,138	(148)	(3)%	579	11%
Rent	4,980	3,453	4,585	1,527	44%	(1,132)	(25)%
Total general and administrative costs . . .	<u>\$203,629</u>	<u>\$167,324</u>	<u>\$167,358</u>	<u>\$36,305</u>	<u>22%</u>	<u>\$ (34)</u>	<u>(0)%</u>

Salaries and wages increased by 4% to \$91.4 million during the fiscal year ended May 31, 2026 primarily due to incremental salaries of \$5.2 million associated with the BrewDog Acquisition and Lyphe acquisition completed during the fourth fiscal quarter and \$2.6 million of merit increases. These increases were partially offset by \$3.5 million of net terminations and a \$1.9 million decrease in retention payments, which were \$2.8 million for the current year compared to \$4.7 million in the prior year. The remaining period-over-period change was primarily attributable to changes in estimates related to discretionary compensation accruals.

Office and general increased by 49% to \$42.2 million during the fiscal year ended May 31, 2026. The increase was driven by higher costs in the current year, including \$5.8 million of incremental office and general expenses associated with the BrewDog Acquisition and Lyphe acquisition completed during the fourth fiscal quarter, \$0.6 million of incremental costs from a full period of Craft Acquisition II, and a \$0.7 million increase in bad debt provisions within the Distribution reporting segment. The increase also reflected the non-recurrence of a \$5.6 million vendor credit and a \$0.3 million property tax refund recorded in the prior year period.

The Company recognized stock-based compensation expense of \$45.9 million for the fiscal year ended May 31, 2026, compared to \$24.3 million for the prior fiscal year period. Stock-based compensation expense is based on the time-based vesting schedules and varies according to the assumptions used in the vesting model. The increase in stock-based compensation was primarily due to the recognition of expense related to performance-based awards following the establishment and approval of their performance criteria during the second fiscal quarter. Because these awards were originally issued in fiscal 2024 but were not considered granted for accounting purposes until fiscal 2026, the current year expense reflects compensation attributable to employee service provided since the original award date, effectively resulting in the recognition of three fiscal years of expense in a single year. As a result, performance-based awards contributed approximately \$23.2 million of stock-based compensation expense during the fiscal year ended May 31, 2026.

Insurance expense decreased by 17% for the fiscal year ended May 31, 2026 to \$9.8 million from \$11.8 million for the prior fiscal year period. The decrease in insurance expense for the fiscal year ended May 31, 2026 was driven by lower premiums as a result of management's decision to self-insure a portion of our property and casualty insurance. For the fiscal year ended May 31, 2026, insurance expense as a percentage of revenue improved 37 basis points compared to the prior year period reflecting improvements in insurance costs relative to business growth.

Professional fees decreased by 11% to \$4.2 million in the fiscal year ended May 31, 2026 from \$4.8 million when compared to the prior fiscal year, which is a direct result of our cost savings initiatives.

Rent expense increased by 44% for the fiscal year ended May 31, 2026 to \$5.0 million from \$3.5 million for the prior fiscal year period. The increase reflected incremental rent costs of \$1.0 million associated with the BrewDog Acquisition and Lyphe acquisition completed during the fourth fiscal quarter, \$0.8 million from a full period of Craft Acquisition II, and \$0.2 million of annual rent increases, partially offset by a \$0.5 million reduction related to exited leases. Rent expense is predominantly comprised of operating lease expense for our brew pubs and office spaces.

Selling costs

For the fiscal year ended May 31, 2026, the Company incurred selling costs of \$49.3 million or 5.4% of net revenue as compared to \$56.0 million or 6.8% of net revenue in the prior fiscal year. These costs relate to third-party shipping costs for all segments, in addition to distributor commission incurred by the cannabis segment, Health Canada cannabis fees, and patient acquisition and maintenance costs. The decrease was driven by lower freight costs in the beverage segment as a result of Project 420 cost-saving initiatives, which improved freight as a percentage of sales by approximately 144 basis points, and lower freight costs in the Canadian cannabis segment following contract renegotiations, which improved freight as a percentage of sales by approximately 210 basis points. The decrease was further supported by lower commission rates in the Canadian cannabis sales channels. These improvements were partially offset by \$2.3 million of incremental fuel and freight surcharges incurred during the fourth fiscal quarter, primarily attributable to elevated global fuel prices and shipping disruptions resulting from the ongoing geopolitical conflict in the Middle East, as well as \$2.3 million of incremental selling costs associated with the BrewDog Acquisition and Lyphe acquisition completed during the fourth fiscal quarter.

Amortization

The Company incurred non-production related amortization charges of \$19.6 million for the fiscal year ended May 31, 2026, compared to \$88.6 million in the prior fiscal year period based on depreciable capital and intangible

assets useful lives. The decrease reflected a lower amortizable asset base following the impairment charges recognized during the fiscal year ended May 31, 2025, partially offset by \$3.6 million of amortization expense related to assets acquired in connection with the BrewDog Acquisition and Lyphe acquisition completed during the fourth fiscal quarter of fiscal 2026.

Marketing and promotion cost

For the fiscal year ended May 31, 2026, the Company incurred marketing and promotion costs of \$42.3 million, as compared to \$37.0 in the prior fiscal year. The increase was driven by \$3.9 million of incremental costs associated with the BrewDog Acquisition and Lyphe acquisition completed during the fourth fiscal quarter, a \$3.0 million increase in the Distribution reporting segment consistent with higher sales, and a \$1.0 million increase in the Cannabis reporting segment to support international growth. These increases were partially offset by a \$1.5 million reduction in discretionary beverage marketing spend, excluding BrewDog, as Project 420 initiatives focused spending on more targeted marketing programs and profitability optimization. The remaining change was primarily attributable to global marketing and communications costs.

Research and development

Research and development costs were \$0.4 million in the fiscal year ended May 31, 2026, compared to \$0.3 million in the prior fiscal year. These relate to external costs incurred in connection with the development of new products.

Change in fair value of contingent consideration

A portion of the total consideration to be paid in connection with the Company's acquisition of Montauk Brewing Company ("Montauk") was contingent upon the achievement by Montauk of certain financial measures as of December 31, 2025. In the event that Montauk achieved either the pre-determined sales volume target or EBITDA target, then \$15.0 million of contingent consideration would be deemed earned and payable. If both the sales volume target and the EBITDA target were achieved, an additional \$3.0 million would be deemed earned and payable for a total contingent consideration payment of \$18.0 million.

For the year ended May 31, 2025, the Company assessed the estimated value of the contingent consideration liability as \$15.0 million, which was estimated to be achieved based on management's forecast, applying a probability of achievement of 100% for the sales volume target and 0% on the remaining criteria, which was not expected to be achieved as EBITDA targets were not forecasted to be met.

During the three months ended August 31, 2025, the Company reassessed the estimated fair value of the contingent consideration liability as \$nil, based on subsequent information regarding Montauk's operating results and revised expectations for the remainder of the earn-out period. As a result of lower-than-anticipated sales volumes during the peak selling periods of June, July and August 2025, and the loss of certain national retail programs, management concluded that Montauk no longer had a viable path to achieving the sales volume target or the EBITDA target within the earn-out period. Accordingly, the Company applied a probability of achievement of 0% to the sales volume target and 0% to the remaining criteria. The resulting \$15.0 million change in fair value of the contingent consideration liability was recorded within the statement of profit and loss and contributed to the Company's net income generated during the period ended August 31, 2025, despite historically reporting a net loss.

During the three months ended February 28, 2026, the earn-out period concluded and neither financial measure was achieved. Accordingly, no further changes to the fair value of the contingent consideration liability were recognized during the fiscal year ended May 31, 2026 as no contingent consideration obligation was payable.

Impairment of intangible assets and goodwill

The Company performed the annual impairment test during the fourth quarter ended May 31, 2026 and, as a result, assessed for indicators of impairment and concluded that there were no indicators and accordingly, no further impairment testing was required and no impairment charges were recognized during the period.

During the fiscal year ended May 31, 2025, based upon a combination of factors including a sustained decline in the Company's market capitalization stemming from the uncertainty resulting from certain changes in U.S. global economic policy, including slower than anticipated progress in global cannabis legalization, overall declines in the craft beer industry sector, and a change in the Company's discount rate, the Company recognized the following impairment charges:

- *Intangible assets.* Non-cash impairment charges of \$334.2 million related to customer relationships & distribution channel, \$186.6 million related to licenses, permits & applications, which were considered indefinite-lived intangible assets and \$327.1 million related to intellectual property, trademarks, knowhow & brands. See Note 8 (Intangible assets) for additional details.
- *Goodwill.* Non-cash impairment charges of \$1,070.0 million related to cannabis goodwill, \$120.8 million related to beverage goodwill, \$53.2 million related to wellness goodwill and \$4.2 million related to distribution goodwill. See Note 10 (Goodwill) for additional details.
- *Deferred tax liabilities.* These non-cash impairment charges were offset by an income tax recovery of \$121.4 million, resulting in the corresponding reduction in deferred tax liabilities. See Note 12 (Income taxes and deferred income taxes) for additional details.

Intangible asset impairments

The Company performed the annual impairment test on its indefinite-life intangible assets, and for its finite-lived intangible assets, management assessed for asset specific indicators of impairment during the fourth quarter ended May 31, 2025, and based upon a combination of factors including a sustained decline in the Company's market capitalization stemming from the uncertainty resulting from certain changes in U.S. global economic policy, including slower than anticipated progress in global cannabis legalization and overall declines in the craft beer industry sector, and a change in non-discretionary market inputs in the Company's discount rate, the Company recorded non-cash impairments of \$334.2 million related to its finite-lived customer relationships & distribution channel, \$186.6 million related to its licenses, permits & applications, which were considered indefinite-lived intangible assets and \$327.1 million related to its finite-lived intellectual property, trademarks, knowhow & brands. This impairment charge resulted in a corresponding income tax recovery of \$121.4 million, resulting in the corresponding reduction in deferred tax liabilities. In calculating the impairment charge, using an income approach, the Company used a discount rate of 10.00%-14.50%, a terminal growth rate of 2%, and an average revenue growth rate of 5%-30% over 5 years to correlate with the cash flows anticipated with the individual intangible assets that were assessed. A reasonably possible change in any of the inputs within the determination of fair value would not result in a material change to the impairment recorded.

Goodwill impairments

In the fiscal year ended May 31, 2025, the Company identified indicators of impairment based on a combination of factors, including a sustained decline in market capitalization, driven in part by uncertainty related to changes in U.S. and global economic conditions, including slower-than-anticipated progress in global cannabis legalization and continued declines in the craft beer industry. In addition, changes in non-discretionary market inputs, including increases in the Company's discount rate, negatively impacted the estimated future cash flows of its reporting units. As a result, the Company concluded it was more likely than not that the fair value of certain reporting units was less than their carrying amounts as of May 31, 2025. Accordingly, the Company utilized the income approach, which uses future discounted cash flows, to determine the fair value of each reporting unit. As a result, the Company recorded non-cash impairment charges of \$1,070.0 million of cannabis goodwill, \$120.8 million of beverage goodwill, \$53.2 million of wellness goodwill and \$4.2 million of distribution goodwill. The non-cash charge had no impact on the Company's compliance with debt covenants at May 31, 2025, its cash flows or available liquidity.

In the Company's cannabis goodwill assessment, the Company used a discount rate of 14.50%, a terminal growth rate of 5%, and an average revenue growth rate of 34% over 5 years, based on a 65% and 25% average probability of anticipated EU and U.S. cannabis legalization, respectively and/or changes in drug policy in various countries within the next 5 years. A 1% increase in the discount rate would result in an additional \$133.8 million in impairment, a 1% decrease in the terminal growth rate would result in an additional \$93.5 million in impairment, a 5% decrease in the average growth rate would result in an additional \$23.4 million in impairment, a 5% decrease in the probability of EU cannabis legalization would result in an additional \$44.0 million in impairment and a 5% decrease in the probability of US cannabis legalization would result in an additional \$17.1 million in impairment. Changes to those probabilities

resulting in continued delays in or cessation of legalization of cannabis within the United States and internationally, or adverse regulatory changes to existing legislation, could have an unfavorable impact on the estimated future cash flows, and ultimately, the fair value of the cannabis reporting unit, which may result in a material impairment expense recognized in future reporting periods.

In the Company's beverage goodwill assessment, the Company used a discount rate of 10.00%, a terminal growth rate of 2%, and an average revenue growth rate of 2% over 5 years, which brought the remaining beverage goodwill balance to \$nil.

In the Company's wellness goodwill assessment, the Company used a discount rate of 12.25%, a terminal growth rate of 2%, and an average revenue growth rate of 7% over 5 years, which brought the remaining wellness goodwill balance to \$nil.

In the Company's distribution goodwill assessment, the Company recorded \$4.2 million of impairments which brought the remaining distribution goodwill balance to \$nil.

Other than temporary write-down of convertible notes receivable

During the fiscal year ended May 31, 2026, the Company no longer held MedMen Convertible Notes, and thus did not recognize any further changes in fair value.

During the fiscal year ended May 31, 2025, the Company recognized an other-than-temporary change in fair value, which resulted in a non-cash expense of \$21.7 million. The MedMen Convertible Note was valued based upon the estimated fair value of the collateral assets net of estimated disposal costs and has been reduced to reflect recent developments in restructuring efforts.

Subsequent to the impairment recorded during the fiscal year ended May 31, 2025, MedMen exited receivership and substantially all of its remaining assets were transferred to a new entity owned by MedMen's secured creditors, including SH Acquisition. In connection with the foregoing, the Company disposed of its MedMen Convertible Note in exchange for an option to acquire a 68% membership interest in SH Acquisition for \$1.00 upon U.S. federal cannabis legalization. See Note 11 (Long-term investments). This option was recorded as a Level 3 equity investment measured at fair value by assessing the discounted cash flows of SH Acquisition.

Litigation costs

Litigation costs of \$3.9 million were expensed during the fiscal year ended May 31, 2026, compared \$17.3 million in the prior fiscal year. Litigation costs include fees and expenses incurred in connection with defending and settling ongoing legacy inherited litigation matters, net of any judgments or settlement recoveries received from third parties. The decrease is related to period-to-period variability as litigation and settlement costs are non-recurring in nature. See Note 27 (Commitments and contingencies) for additional details.

Restructuring costs

In connection with the execution of our acquisition strategy and strategic transactions, the Company incurred non-recurring restructuring and exit costs associated with the integration efforts of these transactions. In connection with these efforts, during the fiscal year ended May 31, 2026, the Company incurred \$13.1 million of restructuring charges compared to \$34.3 million for the prior fiscal year period. All restructuring plans are approved at the executive level, and their associated expenses are recognized in the fiscal period in which the plan is committed.

Within the Cannabis segment, during the fiscal year ended May 31, 2026, the Company incurred restructuring expenses totaling \$6.3 million. These charges included \$4.6 million associated with the restructuring of the Quebec facility to transition from vegetable cultivation to cannabis cultivation in response to increased global cannabis demand, \$1.1 million related to employee termination severance and benefits associated with the reorganization of the Canadian cannabis commercial function, and \$0.2 million related to the wind-down of certain non-operating entities. Additionally, the Company recognized \$0.4 million related to its Fort Collins, CO partially vacant warehouse that was previously held for sale and was divested during the fiscal year ended May 31, 2026. See Note 6 (capital assets).

Within the Beverage segment, restructuring activities primarily related to Project 420, a business optimization plan designed to consolidate production, streamline operations, and improve the Company's cost structure. Activities implemented under the plan included the closure and consolidation of certain brewery and related facilities, including Redhook, Terrapin, Atwater, Hop Valley, and Revolver, as well as costs incurred by the restructuring team established

to execute the plan. Restructuring charges primarily consisted of employee termination severance and benefits, facility closure and exit costs, contract and other termination costs, costs associated with SKU rationalization activities, and other costs directly associated with the execution of the plan. During the fiscal year ended May 31, 2025, the Company accrued \$8.5 million of restructuring charges related to these initiatives. During the fiscal year ended May 31, 2026, the related accrual was fully utilized. In addition, during the fiscal year ended May 31, 2026, the Company incurred \$6.8 million of additional restructuring related expenses associated with these efforts, including costs related to facility closures, production consolidation, and other activities under Project 420. The Company expects these initiatives to be substantially completed by the end of fiscal 2027.

Transaction (income) costs, net

Transaction (income) costs, net, consists of acquisition related income and expenses, including legal fees, financial advisor and other third-party due diligence cost and expenses as well as any transaction related compensation. During the fiscal year ended May 31, 2026, transaction (income) costs, net increased 38% to \$6.3 million from \$4.5 million the prior fiscal year period as a result of higher transaction costs associated with the BrewDog Acquisition and Lyphe acquisition compared to the lower transaction costs associated with Craft Acquisition II in the prior fiscal year.

Non-operating income (expense), net

(in thousands of US dollars)	For the year ended May 31,			Change		Change	
	2026	2025	2024	2026 vs. 2025		2025 vs. 2024	
Change in fair value of convertible debenture payable	\$ —	\$ —	\$(19,736)	\$ —	NM	\$19,736	(100)%
Change in fair value of warrant liability . . .	(3,495)	2,161	(1,436)	(5,656)	(262)%	3,597	(250)%
Foreign exchange gain (loss)	6,592	9,639	(4,086)	(3,047)	(32)%	13,725	(336)%
(Loss) gain on long-term investments	(4,533)	(5,550)	(217)	1,017	(18)%	(5,333)	2,458%
Unrealized loss on digital assets	(326)	—	—	(326)	NM	—	NM
Other non-operating (losses) gains, net. . .	392	4,034	(12,367)	(3,642)	(90)%	16,401	(133)%
Total non-operating income (expense) . . .	<u>\$(1,370)</u>	<u>\$10,284</u>	<u>\$(37,842)</u>	<u>\$(11,654)</u>	<u>(113)%</u>	<u>\$48,126</u>	<u>(127)%</u>

For the fiscal year ended May 31, 2026, the Company recognized a change in fair value of its warrants, resulting in a loss of (\$3.5) million compared to a gain of \$2.2 million in the prior fiscal year, as a result of the change in our share price and the exercise price of the instrument. The Company recognized a gain of \$6.6 million resulting from the changes in foreign exchange rates during the period compared to a gain of \$9.6 million for the prior fiscal year period. The Company recognized a loss of \$4.5 million on long-term investments, compared to a loss of \$5.6 million for the prior period. The other non-operating (losses) gains, net were \$0.4 million of gains for the fiscal year ended May 31, 2026, which was mainly comprised of a loss of \$1.8 million on the change in fair value of assets held for sale related to the Fort Collins, CO partially vacant warehouse, as described in Note 6 (capital assets), offset by a gain of \$2.0 million resulting from the exchange transaction of the TLRY 27 Note, as described in Note 16 (Convertible debentures payable). The other non-operating (losses) gains, net for the fiscal year ended May 31, 2025 were gains of \$4.0 million and were mainly comprised of a \$5.8 million gain resulting from the exchange transaction of the TLRY 27 Note, offset by a \$1.0 million loss resulting from the downside protection from the Double Diamond Holdings note settlement.

Reconciliation of Non-GAAP Financial Measures to GAAP Measures

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that does not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. The Company calculates adjusted EBITDA as net loss/net income before income taxes, net interest expense, depreciation and amortization, non-operating income (expense), net, purchase price accounting step-up on inventory, stock-based compensation, impairments, other than temporary change in fair value of convertible notes receivable, Project 420 business optimization, loss (gain) on sale of capital assets - non-operating facility, restructuring costs, transaction (income) costs, net, litigation costs net of recoveries, change in fair value of contingent consideration, and unrealized currency gains and losses.

We believe that this presentation provides useful information to management, analysts and investors regarding certain additional financial and business trends relating to our results of operations and financial condition. In addition, management uses this measure for reviewing the financial results of the Company and as a component of performance-based executive compensation decisions.

We do not consider adjusted EBITDA in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of adjusted EBITDA is that it excludes certain expenses and income that are required by U.S. GAAP to be recorded in our consolidated financial statements. In addition, adjusted EBITDA is subject to inherent limitations as this metric reflects the exercise of judgment by management about which expenses and income are excluded or included in determining adjusted EBITDA. In order to compensate for these limitations, management presents adjusted EBITDA in connection with GAAP results.

For the fiscal year ended May 31, 2026, adjusted EBITDA increased by \$6.1 million to \$61.1 million compared to \$55.0 million in the prior fiscal year as we continue to execute on our strategic plan.

	For the year ended May 31,			Change		Change	
	2026	2025	2024	2026 vs. 2025		2025 vs. 2024	
Adjusted EBITDA reconciliation:							
Net loss	\$(105,158)	\$(2,181,356)	\$(222,404)	\$ 2,076,198	(95)%	\$(1,958,952)	881%
Income tax (recovery) expense . .	17,098	(121,017)	(26,616)	138,115	(114)%	(94,401)	355%
Interest expense, net	23,663	29,952	36,433	(6,289)	(21)%	(6,481)	(18)%
Non-operating income (expense), net	1,370	(10,284)	37,842	11,654	(113)%	(48,126)	(127)%
Amortization	67,601	133,490	126,913	(65,889)	(49)%	6,577	5%
Stock-based compensation	45,940	24,289	31,769	21,651	89%	(7,480)	(24)%
Change in fair value of contingent consideration	(15,000)	—	(15,790)	(15,000)	NM	15,790	(100)%
Impairment of intangible assets and goodwill	—	2,096,139	—	(2,096,139)	(100)%	2,096,139	NM
Other than temporary change in fair value of convertible notes receivable	—	21,661	42,681	(21,661)	(100)%	(21,020)	(49)%
Project 420 business optimization	200	2,600	—	(2,400)	(92)%	2,600	NM
Loss (gain) on sale of capital assets - non-operating facility . .	—	1,787	(3,987)	(1,787)	(100)%	5,774	(145)%
Purchase price accounting step-up	2,150	1,610	12,230	540	34%	(10,620)	(87)%
Facility start-up and closure costs	—	—	2,100	—	NM	(2,100)	(100)%
Litigation costs, net of recoveries	3,902	17,347	8,251	(13,445)	(78)%	9,096	110%
Restructuring costs	13,113	34,283	15,581	(21,170)	(62)%	18,702	120%
Transaction costs (income), net	6,260	4,534	15,462	1,726	38%	(10,928)	(71)%
Adjusted EBITDA	<u>\$ 61,139</u>	<u>\$ 55,035</u>	<u>\$ 60,465</u>	<u>\$ 6,104</u>	<u>11%</u>	<u>\$ (5,430)</u>	<u>(9)%</u>

Adjusted EBITDA should not be considered in isolation from, or as a substitute for, net loss. There are a number of limitations related to the use of Adjusted EBITDA as compared to net loss, the closest comparable GAAP measure. Adjusted EBITDA adjusts for the following:

- Non-cash amortization expenses and, although these are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future;
- Stock-based compensation expenses, are non-cash expenses and are an important part of our compensation strategy;
- Non-cash impairment charges, as the charges are not expected to be a recurring business activity;
- Non-cash other than temporary write-down of convertible notes receivable, as the charges are not expected to be a recurring business activity;

- Non-cash foreign exchange gains or losses, which accounts for the effect of both realized and unrealized foreign exchange transactions. Unrealized gains or losses represent foreign exchange revaluation of foreign denominated monetary assets and liabilities;
- Non-cash change in fair value of warrant liability;
- Interest expense, net;
- Costs incurred to start up new facilities, and to fund emerging market operations;
- Transaction (income) costs, net, which includes acquisition related income and expenses, related legal, financial advisor and due diligence cost and expenses and transaction related compensation, which vary significantly by transaction and are excluded to evaluate ongoing operating results;
- Project 420 business optimization costs;
- Loss (gain) on sale of capital assets - non-operating facility;
- Restructuring charges;
- Litigation costs, net of favorable recoveries and the third party fees associated with defending these claims, includes costs related to legacy and non-operational litigation matters, legal settlements and recoveries;
- Amortization of purchase accounting fair value step-up in inventory value included in costs of goods sold; and
- Current and deferred income tax expenses and recoveries, which could be a significant recurring expense or recovery in our business in the future and reduce or increase cash available to us.

Adjusted Gross Profit and Adjusted Gross Margin

Adjusted gross profit and adjusted gross margin are non-GAAP financial measures and may not be comparable to similar measures presented by other companies. Adjusted gross profit is our Gross profit, adjusted to exclude purchase price accounting valuation step-up and adjusted gross margin is our Gross margin, adjusted to exclude purchase price accounting valuation step-up. Both are non-GAAP financial measures. The Company's management believes that adjusted gross profit and adjusted gross margin are useful to our management to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions. We do not consider adjusted gross profit and adjusted gross margin percentage in isolation or as an alternative to financial measures determined in accordance with GAAP.

Critical Accounting Policies and Significant Judgments and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). A detailed discussion of our significant accounting policies can be found in Part II, Item 8, Note 3, "*Summary of Significant Accounting Policies*", and the impact and risks associated with our accounting policies are discussed throughout this Form 10-K and in the Notes to the Consolidated Financial Statements. We have identified certain policies and estimates as critical to our business operations and the understanding of our past or present results of operations related to (i) revenue recognition, (ii) valuation of inventory (iii) impairment of goodwill and indefinite-lived intangible assets, (iv) business combinations and goodwill, and (v) convertible debentures. These policies and estimates are considered critical because they had a material impact, or they have the potential to have a material impact, on our consolidated financial statements and because they require us to make significant judgments, assumptions or estimates. We believe that the estimates, judgments and assumptions made when accounting for the items described below were reasonable, based on information available at the time they were made. Actual results could differ materially from these estimates.

(i) Revenue recognition

Revenue is recognized when the control of the promised goods, through performance obligation, is transferred to the customer in an amount that reflects the consideration we expect to be entitled to in exchange for the performance obligations or as advisory services are provided. Payments received for the goods or services in advance of performance are recognized as a contract liability.

Excise taxes remitted to tax authorities are government-imposed excise taxes on cannabis and beer. Excise taxes are recorded as a reduction of sales in net revenue in the consolidated statements of operations and recognized as a

current liability within accounts payable and other current liabilities on the consolidated balance sheets, with the liability subsequently reduced when the taxes are remitted to the tax authority.

In addition, amounts disclosed as net revenue are net of excise taxes, sales tax, duty tax, allowances, discounts and rebates.

In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration and the existence of significant financing components, if any.

Some contracts for the sale of goods may provide customers with a right of return, volume discount, bonuses for volume/quality achievement, or sales allowance. In addition, the Company may provide in certain circumstances, a retrospective price reduction to a customer based primarily on inventory movement. These items give rise to variable consideration. The Company uses the expected value method to estimate the variable consideration because this method best predicts the amount of variable consideration to which the Company will be entitled. The Company uses historical evidence, current information and forecasts to estimate the variable consideration. The Company reduces revenue and recognizes a contract liability equal to the amount expected to be refunded to the customer in the form of a future rebate or credit for a retrospective price reduction, representing its obligation to return the customer's consideration. The estimate is updated at each reporting period date.

(ii) Valuation of inventory

Refer to Part II, Item 8, Note 3, "*Summary of Significant Accounting Policies*" for further details on our inventory cost policy. At the end of each reporting period, the Company performs an assessment of inventory and records write-downs for excess and obsolete inventories based on the Company's estimated forecast of product demand, production requirements, market conditions, regulatory environment, and spoilage. Actual inventory losses may differ from management's estimates and such differences could be material to the Company's statements of financial position, statements of loss and comprehensive loss and statements of cash flows. Changes in the regulatory structure, lack of retail distribution locations or lack of consumer demand could result in future inventory reserves.

(iii) Impairment of goodwill

Goodwill is tested for impairment annually, or more frequently when events or circumstances indicate that impairment may have occurred. As part of the impairment evaluation, we may elect to perform an assessment of qualitative factors. If this qualitative assessment indicates that it is more likely than not that the fair value of the indefinite-lived intangible asset or the reporting unit (for goodwill) is less than its carrying value, a quantitative impairment test to compare the fair value to the carrying value is performed. An impairment charge is recorded if the carrying value exceeds the fair value. The assessment of whether an indication of impairment exists is performed at the end of each reporting period and requires the application of judgment, historical experience, and external and internal sources of information. We make estimates in determining the future cash flows and discount rates in the quantitative impairment test to compare the fair value to the carrying value.

(iv) Business combinations and goodwill

We use judgement in applying the acquisition method of accounting for business combinations and estimates to value contingent consideration, identifiable assets and liabilities assumed at the acquisition date. Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. Judgment is also applied in determining the date on which control of certain acquired businesses was obtained, particularly in situations involving pending regulatory approvals, licensing transfers or other administrative matters, where management must evaluate all relevant facts and circumstances to determine the acquisition date for accounting purposes. We use judgement in applying the acquisition method of accounting for business combinations and estimates to value identifiable assets and liabilities at the acquisition date. Estimates are used to determine cash flow projections, including the period of future benefit, and future growth and discount rates, among other factors. In certain circumstances, management also considers whether economic obsolescence or other market participant assumptions should be reflected in the valuation of acquired assets, including where external economic factors, market conditions, asset utilization, or the transaction price indicate that replacement cost may not be representative of acquisition-date fair value. The values allocated to the acquired assets and liabilities assumed affect the amount of goodwill recorded on acquisition. Fair value of assets acquired and liabilities assumed is typically estimated using an income approach, which is based on the present value of future discounted cash flows. Significant estimates in the discounted cash flow model include the discount rate, rate of future revenue growth and profitability of the acquired business and working capital effects. The discount rate

considers the relevant risk associated with the business-specific characteristics and the uncertainty related to the ability to achieve projected cash flows. These estimates and the resulting valuations require significant judgment. Management engages third party experts to assist in the valuation of material acquisitions.

(v) Convertible debentures

The Company accounts for its convertible debentures in accordance with ASC 470-20 *Debt with Conversion and Other Options*, whereby the convertible instrument is initially accounted for as a single unit of account, unless it contains a derivative that must be bifurcated from the host contract in accordance with ASC 815-15 *Derivatives and Hedging — Embedded Derivatives* or the substantial premium model in ASC 470-20 *Debt — Debt with Conversion and Other Options* applies. Where the substantial premium model applies, the premium is recorded in additional paid-in capital. The resulting debt discount is amortized over the period during which the convertible notes are expected to be outstanding as additional non-cash interest expenses.

Upon repurchase of convertible debt instruments, ASC 470-20 requires the issuer to allocate total settlement consideration, inclusive of transaction costs, amongst the liability and equity components of the instrument based on the fair value of the liability component immediately prior to repurchase. The difference between the settlement consideration allocated to the liability component and the net carrying value of the liability component, including unamortized debt issuance costs, would be recognized as gain (loss) on extinguishment of debt in the statements of loss and comprehensive loss. The remaining settlement consideration allocated to the equity component would be recognized as a reduction of additional paid-in capital in the statements of financial position.

For convertible debentures with an embedded conversion feature that did not meet the equity scope exception from derivative accounting pursuant to ASC 815-15, the Company elected the fair value option under ASC 825 *Fair Value Measurements*. When the fair value option is elected, the convertible debenture is initially recognized at fair value on the statements of financial position and all subsequent changes in fair value, excluding the impact of the change in fair value related to instrument-specific credit risk are recorded in non-operating income (loss). The changes in fair value related to instrument-specific credit risk is recorded through other comprehensive income (loss). Transaction costs directly attributable to the issuance of the convertible debenture is immediately expensed in the statements of loss and comprehensive loss.

New Standards and Interpretations Applicable Effective June 1, 2025

Refer to Part II, Item 8, Note 3, *Significant Accounting Policies*, of this Form 10-K for additional information on changes in accounting policies.

Liquidity and Capital Resources

We actively manage our cash, marketable securities and digital assets in order to internally fund operating needs, make scheduled interest and principal payments on our borrowings, and complete acquisitions. We believe that existing cash, cash equivalents, marketable securities, Bitcoin digital assets and cash generated by operations, together with access to external sources of funds, will be sufficient to meet our domestic and foreign capital needs for the short and long term outlook.

For the Company's short-term liquidity requirements, we are focused on generating positive cash flows from operations and being free cash flow positive. Certain of our business segments, such as cannabis, are working capital intensive and have longer cash conversion cycles. In order to mitigate these effects, management continues to optimize our infrastructure, headcount, as well as the elimination of other discretionary operational costs. Additionally, the Company continues to work on improvements to the cash conversion cycles across its businesses and invest our excess cash in short-term marketable securities which are comprised of U.S. treasury bills, high grade corporate bonds and term deposits with major Canadian, European and Australian banks as well as in digital assets.

For the Company's long-term liquidity requirements, we are focused on funding operations through profitable organic growth and through acquisitions of businesses that are accretive to earnings. We may need to take on additional debt or equity financing arrangements in order to achieve this strategic plan on a long-term basis.

On May 17, 2024, the Company entered into an equity distribution agreement with TD Securities (USA) LLC and Jefferies LLC in connection with an aggregate offering value of up to \$250 million through an at-the-market equity program ("ATM Program"). During the fiscal year ended May 31, 2026, the Company issued 6,777,224 shares under the ATM Program generating gross proceeds of \$74.7 million. The Company paid \$1.6 million in commissions and

other fees associated with these issuances generating net proceeds of \$73.1 million. The Company intends to use the net proceeds from the ATM Program to fund strategic and accretive acquisitions or investments in businesses and capital expenditures for acquired businesses, including potential acquisitions of assets in the U.S. and internationally in order to capitalize on expected regulatory advancements or expansion opportunities. As of our second fiscal quarter ended November 30, 2025, the ATM program was completed.

On April 15, 2026, the Company entered into a separate ATM Program with Jefferies LLC, TD Securities (USA) LLC and Roth Capital Partners, LLC, pursuant to which the Company may offer and sell shares of the Company's common stock, par value US\$0.0001 per share (the "Common Stock"), having an aggregate offering price of up to \$180 million from time to time through the Agents, acting as sales agents, or directly to the Agents, acting as principals. During the fiscal year ended May 31, 2026, the Company issued 12,848,281 shares under this ATM Program, generating gross proceeds of \$87.0 million at an average sales price of \$6.77 per share. A substantial portion of these shares were issued on April 22 and April 23, 2026, during a period of increased trading activity and share price appreciation following developments related to the potential U.S. cannabis rescheduling process. The Company paid \$2.1 million in commissions and other fees associated with these issuances generating net proceeds of \$84.9 million. The Company intends to use the net proceeds from the ATM Program to fund strategic and accretive acquisitions or investments in businesses and capital expenditures for acquired businesses, including potential acquisitions of assets in the U.S. and internationally in order to capitalize on expected regulatory advancements or expansion opportunities.

All current and prior year share amounts have been retrospectively adjusted to reflect the Reverse Stock Split, which became effective on December 2, 2025.

Additionally, we are committed to optimizing our capital structure and enhancing financial flexibility as we intend to continue to opportunistically purchase or exchange equity for the TLRY 27 Notes prior to their underlying maturity date in June 2027, subject to market conditions. See Note 30 (Subsequent events), for additional transactions.

The following table sets forth the major components of our statements of cash flows for the periods presented:

	For the year ended May 31,			Change		Change	
	2026	2025	2024	2026 vs. 2025		2025 vs. 2024	
Net cash provided by (used in)							
operating activities.	\$ (69,144)	\$ (94,599)	\$ (30,905)	\$ 25,455	(27)%	\$ (63,694)	206%
Net cash provided by (used in)							
investing activities.	(55,800)	(46,718)	128,349	(9,082)	19%	(175,067)	(136)%
Net cash (used in) provided by							
financing activities.	130,994	133,506	(75,187)	(2,512)	(2)%	208,693	(278)%
Effect on cash of foreign currency							
translation	1,626	1,137	(549)	489	43%	1,686	(307)%
Cash and cash equivalents,							
beginning of period	<u>221,666</u>	<u>228,340</u>	<u>206,632</u>	<u>(6,674)</u>	<u>(3)%</u>	<u>21,708</u>	<u>11%</u>
Cash and cash equivalents, end of							
period.	<u>\$229,342</u>	<u>\$221,666</u>	<u>\$228,340</u>	<u>\$ 7,676</u>	<u>3%</u>	<u>\$ (6,674)</u>	<u>(3)%</u>
Marketable securities.	<u>5,289</u>	<u>34,697</u>	<u>32,182</u>	<u>(29,408)</u>	<u>(85)%</u>	<u>2,515</u>	<u>8%</u>
Cash, restricted cash and							
marketable securities ⁽¹⁾	<u>\$234,631</u>	<u>\$256,363</u>	<u>\$260,522</u>	<u>\$(21,732)</u>	<u>(8)%</u>	<u>\$ (4,159)</u>	<u>(2)%</u>

(1) The cash, restricted cash and marketable securities presentation of our cash flows is a non-GAAP financial measure. See "Use of Non-GAAP Measures—Cash, Restricted Cash and Marketable Securities" above for a discussion of these Non-GAAP Measures.

Cash flows from operating activities

Net cash used in operating activities was \$69.1 million for the fiscal year ended May 31, 2026, compared to \$94.6 million for the prior fiscal year period. Excluding the impact of changes in working capital, operating cash flow was \$18.2 million compared to cash used in operations of \$32.0 million in the prior fiscal year, which was negatively impacted by the integration of Craft Acquisition I and II.

Cash used in working capital was \$87.3 million for the fiscal year ended May 31, 2026, compared to \$62.6 million in the prior fiscal year. The current year use of working capital was primarily driven by the \$43.7 million working capital

impact of the BrewDog Acquisition, as well as inventory investments to support international cannabis growth. The significant components of the current year working capital change were as follows:

- *Accounts receivable.* Accounts receivable increased by \$66.4 million, including \$51.7 million of trade receivables from sales generated by BrewDog following the acquisition. These receivables had not yet been collected as of May 31, 2026, as a result of the 60-90 day payment terms for BrewDog UK. The remaining \$14.7 million increase in accounts receivable was primarily attributable to higher sales near the end of the fourth fiscal quarter in the international cannabis business and extended payment terms in certain international markets.
- *Prepays and other current assets.* Prepaid expenses and other current assets increased by \$26.9 million, primarily driven by \$20.7 million related to the BrewDog transaction. This included \$14.4 million recorded in other receivables for amounts collected from customers and held in trust in connection with the BrewDog administration process, which were released subsequent to the fiscal year.
- *Inventory.* Inventory increased by \$13.4 million, including \$1.1 million related to the BrewDog Acquisition, with the remaining increase primarily attributable to the international cannabis business as the Company managed permit delays and built inventory to support anticipated fiscal 2027 growth.
- *Accounts Payable.* Accounts payable increased by \$19.4 million, which partially offset the use of cash from other working capital items. The increase included \$29.8 million of payables associated with the BrewDog Acquisition, partially offset by a \$12.4 million decrease in payables primarily due to cash conversion terms in the beverage business and accelerated excise tax payments in Canada.

Cash flows from investing activities

Net cash used in investing activities was \$55.8 million for the fiscal year ended May 31, 2026 compared to net cash used in investing activities of \$46.7 million for the prior fiscal year period. The current year use of cash was primarily driven by \$53.7 million of cash consideration paid for the BrewDog Acquisition, which was partially funded through proceeds from investments in marketable securities, compared to \$18.0 million paid for Craft Acquisition II in fiscal 2025.

Cash flows from financing activities

Net cash provided by financing activities was \$131.0 million for the fiscal year ended May 31, 2026, compared to net cash provided in financing activities of \$133.5 million for the prior fiscal year period and remained largely unchanged.

Cash resources and working capital requirements

The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. As of May 31, 2026, the Company had \$234.6 million of cash and cash equivalents on hand, restricted cash and marketable securities, compared to \$256.4 million in cash and cash equivalents as of May 31, 2025.

Working capital provides funds for the Company to meet its operational and capital requirements. As of May 31, 2026, the Company had working capital of \$433.8 million. We historically financed our operations through the issuance of common stock, sale of convertible notes and revenue generating activities. While we believe we have sufficient cash to meet existing working capital requirements in the short term, we may need additional sources of capital and/or financing to meet our U.S. growth ambitions, expansion of our international operations and other strategic transactions. See Item 7A (Quantitative and Qualitative Disclosures About Market Risk).

Contractual obligations

We lease various facilities, under non-cancelable operating leases, which expire on various dates through September 2040:

	Operating leases	Finance leases
2027	\$ 16,724	\$ 19,067
2028	15,588	19,067
2029	10,236	18,919
2030	6,671	18,683
Thereafter	13,200	148,357
Total minimum lease payments	\$ 62,419	\$224,093
Imputed interest	(15,694)	(99,306)
Obligations recognized	<u>\$ 46,725</u>	<u>\$124,787</u>

Purchase and other commitments

The Company has payments on long-term debt, refer to Note 15 (Long-term debt), convertible notes, refer to Note 16 (Convertible debentures payable), material purchase commitments and construction commitments as follows:

	Total	2027	2028	2029	2030	Thereafter
Long-term debt repayment	\$139,178	18,160	41,708	49,833	3,677	25,800
Convertible debentures payable	88,000	—	88,000	—	—	—
Material purchase obligations	59,562	48,256	9,568	551	579	608
Construction commitments	663	663	—	—	—	—
Total	<u>\$287,403</u>	<u>\$67,079</u>	<u>\$139,276</u>	<u>\$50,384</u>	<u>\$4,256</u>	<u>\$26,408</u>

Except as disclosed elsewhere in this Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, there have been no material changes with respect to the contractual obligations of the Company during the year-to-date period except for those related to the Company's acquisitions.

Contingencies

In the normal course of business, we may receive inquiries or become involved in legal disputes regarding various litigation matters. In the opinion of management, any potential liabilities resulting from such claims would not have a material adverse effect on our consolidated financial statements. See Note 27 (Commitments and contingencies) for additional details.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company has exposure to the following risks from its use of financial instruments: credit; liquidity; currency rate; and, interest rate price.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum credit exposure as of May 31, 2026 is the carrying amount of cash and cash equivalents, restricted cash, accounts receivable, prepaids and other current assets and convertible notes receivable. All cash and cash equivalents are placed with major financial institutions in Canada, Australia, Portugal, Germany, UK, Colombia, Argentina and the United States, with the exception of Lyphe which uses a digital bank. To date, the Company has not experienced any losses on its cash deposits. Accounts receivable are unsecured, and the Company does not require collateral from its customers.

(b) Liquidity risk

As of May 31, 2026, the Company's financial liabilities consist of bank indebtedness and accounts payable and accrued liabilities, which have contractual maturity dates within one-year, long-term debt, and convertible debentures which are due in June of 2027.

The Company maintains debt service charge and leverage covenants on certain loans secured by its Aphria Diamond facilities and ABC Group that are measured quarterly. The Company believes that it has sufficient operating room with respect to its financial covenants for the next fiscal year and does not anticipate being in breach of any of its financial covenants.

The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as of May 31, 2026, management regards liquidity risk to be low.

(c) Currency rate risk

As of May 31, 2026, a portion of the Company's financial assets and liabilities held in Canadian dollars, British Pound Sterling and Euros consist of cash and cash equivalents, convertible notes receivable, and long-term investments. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in the functional currency. The Company is exposed to currency rate risk in other comprehensive income, relating to foreign subsidiaries which operate in a foreign currency. As of the date of this Form 10-K, the Company does not use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time.

(d) Interest rate risk

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding debt. The Company manages interest rate risk by restricting the type of investments and varying the terms of maturity and issuers of marketable securities. Varying the terms to maturity reduces the sensitivity of the portfolio to the impact of interest rate fluctuations.

Item 8. Financial Statements and Supplementary Data.

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All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and accompanying notes.

Tilray Brands, Inc.

Consolidated Statements of Financial Position

(In thousands of U.S. dollars)

	May 31, 2026	May 31, 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 225,977	\$ 221,666
Restricted cash	3,365	—
Marketable securities	5,289	34,697
Accounts receivable, net	189,170	121,489
Inventory	301,192	270,882
Prepays and other current assets	64,692	34,092
Assets held for sale	2,449	5,800
Total current assets	792,134	688,626
Capital assets	680,225	568,433
Operating lease, right-of-use assets	42,318	22,279
Digital assets	674	—
Intangible assets	42,779	21,423
Goodwill	752,350	752,350
Long-term investments	6,551	10,132
Other assets	10,981	11,084
Total assets	<u>\$ 2,328,012</u>	<u>\$ 2,074,327</u>
Liabilities		
Current liabilities		
Bank indebtedness	\$ 8,775	\$ 7,181
Accounts payable and accrued liabilities	318,088	235,322
Contingent consideration	—	15,000
Warrant liability	—	1,092
Current portion of lease liabilities	13,357	6,941
Current portion of long-term debt	18,160	14,767
Total current liabilities	358,380	280,303
Long-term liabilities		
Lease liabilities	158,155	64,925
Long-term debt	120,425	148,493
Convertible debentures payable	79,529	86,428
Deferred tax liabilities, net	12,256	3,748
Other liabilities	4,400	855
Total liabilities	733,145	584,752
Commitments and contingencies (refer to Note 27)		
Stockholders' equity		
Common stock (\$0.0001 par value; 1,416,000,000 common shares authorized; 131,683,075 and 106,067,875 common shares issued and outstanding, respectively) ⁽¹⁾	132	106
Treasury Stock (589,217 and 200,422 treasury shares issued and outstanding, respectively) ⁽¹⁾	—	—
Preferred shares (\$0.0001 par value; 10,000,000 preferred shares authorized; nil and nil preferred shares issued and outstanding, respectively)	—	—
Additional paid-in capital	6,627,056	6,401,657
Accumulated other comprehensive loss	(44,233)	(43,063)
Accumulated deficit	(4,968,623)	(4,847,226)
Total Tilray Brands, Inc. stockholders' equity	1,614,332	1,511,474
Non-controlling interests	(19,465)	(21,899)
Total stockholders' equity	1,594,867	1,489,575
Total liabilities and stockholders' equity	<u>\$ 2,328,012</u>	<u>\$ 2,074,327</u>

(1) Current and prior year share amounts have been retrospectively adjusted to reflect the Reverse Stock Split, which became effective on December 2, 2025. See Note 2 (Basis of preparation).

The accompanying notes are an integral part of these consolidated financial statements.

Tilray Brands, Inc.

Consolidated Statements of Loss and Comprehensive Loss

(In thousands of U.S. dollars, except share and per share amounts)

	For the years ended May 31,		
	2026	2025	2024
Net revenue	\$ 915,454	\$ 821,309	\$ 788,942
Cost of goods sold	655,013	580,739	565,591
Gross profit	260,441	240,570	223,351
Operating expenses:			
General and administrative	203,629	167,324	167,358
Selling	49,328	56,039	37,233
Amortization	19,585	88,616	84,752
Marketing and promotion	42,290	37,048	41,933
Research and development	361	284	635
Change in fair value of contingent consideration	(15,000)	—	(15,790)
Impairment of intangible assets and goodwill	—	2,096,139	—
Other than temporary change in fair value of convertible notes receivable	—	21,661	42,681
Litigation costs, net of recoveries	3,902	17,347	8,251
Restructuring costs	13,113	34,283	15,581
Transaction costs (income), net	6,260	4,534	15,462
Total operating expenses	323,468	2,523,275	398,096
Operating loss	(63,027)	(2,282,705)	(174,745)
Interest expense, net	(23,663)	(29,952)	(36,433)
Non-operating income (expense), net	(1,370)	10,284	(37,842)
Loss before income taxes	(88,060)	(2,302,373)	(249,020)
Income tax expense (recovery), net	17,098	(121,017)	(26,616)
Net loss	\$ (105,158)	\$ (2,181,356)	\$ (222,404)
Total net income (loss) attributable to:			
Stockholders of Tilray Brands, Inc.	(121,397)	(2,186,738)	(244,981)
Non-controlling interests	16,239	5,382	22,577
Other comprehensive gain (loss), net of tax			
Foreign currency translation gain (loss)	207	430	3,121
Comprehensive loss	\$ (104,951)	\$ (2,180,926)	\$ (219,283)
Total comprehensive income (loss) attributable to:			
Stockholders of Tilray Brands, Inc.	(122,567)	(2,186,302)	(241,870)
Non-controlling interests	17,616	5,376	22,587
Weighted average number of common shares - basic ⁽¹⁾	111,832,375	89,032,602	74,264,948
Weighted average number of common shares - diluted ⁽¹⁾	111,832,375	89,032,602	74,264,948
Net loss per share - basic ⁽¹⁾	\$ (1.09)	\$ (24.56)	\$ (3.30)
Net loss per share - diluted ⁽¹⁾	\$ (1.09)	\$ (24.56)	\$ (3.30)

1 Current and prior year share amounts have been retrospectively adjusted to reflect the Reverse Stock Split, which became effective on December 2, 2025. See Note 2 (Basis of preparation).

The accompanying notes are an integral part of these consolidated financial statements.

Tilray Brands, Inc.
Consolidated Statements of Changes in Equity

(In thousands of U.S. dollars, except share amounts)

	Number of common shares ¹	Common stock	Number of treasury shares ¹	Treasury stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated Deficit	Non- controlling interests	Total
Balance at year ended May 31, 2023	65,665,546	\$ 66	—	\$—	\$5,777,743	\$(46,610)	\$(2,415,507)	\$ 14,251	\$ 3,329,943
Share issuance - HEXO acquisition	3,970,596	4	—	—	65,158	—	—	—	65,162
Share issuance - settlement of contractual change of control severance incurred from HEXO acquisition . .	86,543	—	—	—	1,500	—	—	—	1,500
Share issuance - Double Diamond Holdings dividend settlement	2,478,099	2	—	—	47,702	—	—	(26,217)	21,487
Share issuance - HTI convertible note	1,818,116	2	—	—	52,311	—	—	—	52,313
Shares effectively repurchased for employee withholding tax	—	—	—	—	(4,860)	—	—	—	(4,860)
Equity component related to issuance of convertible debt, net of issuance costs	—	—	—	—	3,953	—	—	—	3,953
Share issuance - Settlement of litigation claims from MediPharm Labs Inc	157,315	—	—	—	3,477	—	—	—	3,477
Share issuance - Repurchase of TRLRY 23 convertible note	700,000	1	—	—	20,457	—	—	—	20,458
Share issuance - Settlement of equity component of TRLRY 23 convertible note	—	—	—	—	(1,672)	—	—	—	(1,672)
Share issuance - Repurchase of APHA 24 convertible note	7,348,415	8	—	—	140,653	—	—	—	140,661
Share issuance - At-the-Market ("ATM") program . . .	532,784	—	—	—	8,619	—	—	—	8,619
Share issuance - options exercised	429	—	—	—	—	—	—	—	—
Share issuance - RSUs exercised	434,695	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	31,769	—	—	—	31,769
Dividends declared to non-controlling interests	—	—	—	—	—	—	—	(10,349)	(10,349)
Comprehensive income (loss) for the period	—	—	—	—	—	3,111	(244,981)	22,587	(219,283)
Balance at year ended May 31, 2024	83,192,538	\$ 83	—	\$—	\$6,146,810	\$(43,499)	\$(2,660,488)	\$ 272	\$ 3,443,178
Share issuance - At-the-Market ("ATM") program . . .	13,593,874	14	580,737	—	161,174	—	—	—	161,188
Share issuance - Repurchase of TRLRY 27 convertible note	7,175,505	7	(781,159)	—	67,251	—	—	—	67,258
Share issuance - Settlement of TRLRY 27 convertible note	—	—	—	—	(19,028)	—	—	—	(19,028)
Share issuance - Double Diamond Holdings dividend settlement	1,321,759	1	—	—	23,823	—	—	(25,368)	(1,544)
Share issuance - RSUs exercised	782,651	1	—	—	(1)	—	—	—	—
Share issuance - options exercised	1,548	—	—	—	—	—	—	—	—
Shares effectively repurchased for employee withholding tax	—	—	—	—	(2,661)	—	—	—	(2,661)
Stock-based compensation	—	—	—	—	24,289	—	—	—	24,289
Disposal of SH Acquisition non-controlling interests . .	—	—	—	—	—	—	—	(2,179)	(2,179)
Comprehensive income (loss) for the period	—	—	—	—	—	436	(2,186,738)	5,376	(2,180,926)
Balance at year ended May 31, 2025	106,067,875	\$106	(200,422)	\$—	\$6,401,657	\$(43,063)	\$(4,847,226)	\$(21,899)	\$ 1,489,575
Share issuance - At-the-Market ("ATM") program . . .	19,625,505	20	—	—	157,954	—	—	—	157,974
Share issuance - Repurchase of TRLRY 27 convertible note	3,138,878	3	(379,420)	—	17,157	—	—	—	17,160
Share issuance - Settlement of TRLRY 27 convertible note	—	—	—	—	(4,394)	—	—	—	(4,394)
Share issuance - Double Diamond Holdings dividend settlement	861,707	1	—	—	14,821	—	—	(15,182)	(360)
Share issuance - Warrant exercised	620,900	1	—	—	6,954	—	—	—	6,955
Fractional shares cancelled pursuant to Reverse Stock Split	(20,652)	—	—	—	(159)	—	—	—	(159)
Shares effectively repurchased for employee withholding tax	—	—	—	—	(1,427)	—	—	—	(1,427)
Share issuance - Lyphe acquisition	398,666	—	—	—	2,795	—	—	—	2,795
Share issuance - RSUs exercised, net of cancellations . .	990,196	1	(9,375)	—	(1)	—	—	—	—
Stock-based compensation	—	—	—	—	31,699	—	—	—	31,699
Comprehensive income (loss) for the period	—	—	—	—	—	(1,170)	(121,397)	17,616	(104,951)
Balance at year ended May 31, 2026	131,683,075	\$132	(589,217)	\$—	\$6,627,056	\$(44,233)	\$(4,968,623)	\$(19,465)	\$ 1,594,867

1 Current and prior year share amounts have been retrospectively adjusted to reflect the Reverse Stock Split, which became effective on December 2, 2025. See Note 2 (Basis of preparation).

The accompanying notes are an integral part of these consolidated financial statements.

Tilray Brands, Inc.

Consolidated Statements of Cash Flows

(In thousands of U.S. dollars, except share amounts)

	For the year ended May 31,		
	2026	2025	2024
Cash provided by (used in) operating activities:			
Net loss	\$(105,158)	\$(2,181,356)	\$(222,404)
Adjustments for:			
Income tax expense (recovery), net	17,098	(121,017)	(38,872)
Unrealized foreign exchange (gain) loss	(9,543)	(18,218)	3,756
Amortization	67,601	133,490	126,913
Loss (gain) on sale of capital assets	(509)	928	(4,198)
Accretion of convertible debt discount	7,914	10,863	14,459
Impairments	—	2,096,139	—
Other than temporary change in fair value of convertible notes receivable	—	21,661	42,681
Unrealized loss on digital assets	326	—	—
Other non-cash items	1,518	(2,203)	13,626
Stock-based compensation	45,940	24,289	31,769
Loss on long-term investments	4,533	5,550	4,855
Loss (gain) on derivative instruments	3,495	(2,161)	21,172
Change in fair value of contingent consideration	(15,000)	—	(15,790)
Change in non-cash working capital:			
Accounts receivable	(66,423)	(17,801)	(6,575)
Prepays and other current assets	(26,898)	(8,264)	13,069
Inventory	(13,439)	(13,561)	(15,578)
Accounts payable and accrued liabilities	19,401	(22,938)	212
Net cash used in operating activities	<u>(69,144)</u>	<u>(94,599)</u>	<u>(30,905)</u>
Cash provided by (used in) investing activities:			
Investment in capital and intangible assets	(32,987)	(32,917)	(29,249)
Proceeds from disposal of capital and intangible assets	3,507	6,824	8,509
Investment in digital assets	(1,000)	—	—
Sale (purchase) of marketable securities, net	29,408	(2,515)	209,715
Investment in long-term investments	(3,595)	—	—
Proceeds from long-term investments	2,566	—	—
Business acquisitions, net of cash acquired	<u>(53,699)</u>	<u>(18,110)</u>	<u>(60,626)</u>
Net cash provided by (used in) investing activities	<u>(55,800)</u>	<u>(46,718)</u>	<u>128,349</u>
Cash provided by (used in) financing activities:			
Share capital issued, net of cash issuance costs	157,974	161,188	8,619
Cash paid in lieu of fractional shares	(159)	—	—
Proceeds from warrants	2,367	—	—
Proceeds from long-term debt	—	3,450	32,621
Repayment of long-term debt	(25,353)	(15,506)	(22,402)
Proceeds from convertible debt	—	—	21,553
Repayment of convertible debt	—	(330)	(107,330)
Repayment of lease liabilities	(5,429)	(2,900)	(2,900)
Net increase (decrease) in bank indebtedness	1,594	(10,852)	(5,348)
Dividend paid to NCI	—	(1,544)	—
Net cash provided by (used in) financing activities	<u>130,994</u>	<u>133,506</u>	<u>(75,187)</u>
Effect of foreign exchange on cash and cash equivalents	<u>1,626</u>	<u>1,137</u>	<u>(549)</u>
Net decrease in cash and cash equivalents	7,676	(6,674)	21,708
Cash and cash equivalents, beginning of year	221,666	228,340	206,632
Cash and cash equivalents, end of year	<u>\$ 229,342</u>	<u>\$ 221,666</u>	<u>\$ 228,340</u>

Within the consolidated statements of cash flows, cash and cash equivalents includes \$3,365 of restricted cash as of May 31, 2026, and \$nil as of May 31, 2025.

The accompanying notes are an integral part of these consolidated financial statements.

Tilray Brands, Inc.

Notes to the Consolidated Financial Statements

(In thousands of U.S. dollars, except share and per share amounts)

1. Description of business

Tilray Brands, Inc., a Delaware corporation (collectively, along with its subsidiaries, the “Company”, “Tilray”, “we”, “us” and “our”) is a leading global lifestyle consumer products company, which was incorporated on *January 24, 2018* and is headquartered in Leamington and New York, with operations in Canada, the United States, Europe, Australia, and Latin America. Tilray’s mission is to be the trusted partner for its patients and consumers by providing them with a cultivated experience and health and wellbeing through high-quality, differentiated brands and innovative products. Focused in cannabis research, cultivation and distribution, Tilray’s production platform supports over 20 brands in over 20 countries, including beverages, comprehensive cannabis offerings, and hemp-based foods.

2. Basis of preparation

The policies applied in these consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”).

These consolidated financial statements have been prepared on the going concern basis which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due, under the historical cost convention except for certain financial instruments and digital assets that are measured at fair value, as detailed in the Company’s accounting policies.

Foreign currency

These consolidated financial statements are presented in U.S. dollars (“USD”), which is the Company’s reporting currency; however, the functional currency of the entities in these financial statements are their respective local currencies, including Canadian dollar, USD, Euro, Australian dollar, Argentinian peso, Colombian peso, and British Pound Sterling.

Foreign currency transactions are remeasured to the respective functional currencies of the Company’s entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are remeasured to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are remeasured to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are remeasured to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into USD, the Group’s presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into USD using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive income (loss) and accumulated in equity.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company either has a controlling voting interest or is the primary beneficiary of a variable interest entity. In certain circumstances, such as with the BrewDog US acquisition, the Company *may* also consolidate an entity or a group of acquired assets and assumed liabilities where the Company has obtained effective control over the relevant operations, notwithstanding that certain regulatory approvals, licensing transfers, or other administrative matters remain pending as of the date control is obtained. In such cases, consolidation commences on the date the Company obtains the power to direct the relevant activities and is exposed to the variable returns of the operations, consistent with the guidance in ASC 810 and, where applicable, the acquisition date determined under ASC 805, see Note 9 (Business combinations).

The financial statements of all subsidiaries are included in the Financial Statements from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated on consolidation. A complete list of our subsidiaries that existed as of our most recent fiscal year end is included in the Annual Report.

Reverse stock split

Effective *December 2, 2025*, the Company implemented a reverse stock split of its outstanding shares of Common Stock, at a ratio of *one-for-ten* (the “Reverse Stock Split”).

No fractional shares were issued in connection with the Reverse Stock Split. Fractional shares resulting from the Reverse Stock Split were rounded down to the nearest whole share and stockholders received cash in lieu of any fractional shares that were created by the Reverse Stock Split. Each stockholder’s percentage ownership interest in the Company and proportional voting power remained unchanged as a result of the Reverse Stock Split, except for adjustments that resulted from rounding fractional shares down to whole shares.

All issued and outstanding Common Stock, per share amounts, and outstanding equity instruments and awards exercisable into Common Stock contained in the consolidated financial statements of the Company and notes thereto have been retroactively adjusted to reflect the Reverse Stock Split for all prior periods presented.

Equity method investments

In accordance with ASC 323, *Investments—Equity Method and Joint Ventures*, investments in entities over which the Company does *not* have a controlling financial interest but has significant influence are accounted for using the equity method, with the Company’s share of earnings or losses reported in earnings or losses from equity method investments on the statements of net loss and comprehensive loss. Equity method investments are recognized initially at cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Company’s share of undistributed earnings or losses, and impairment, if any, until the date on which significant influence ceases.

If the Company’s share of losses in an equity investment equals or exceeds its interest in the entity, including any net advances, the group does *not* recognize further losses, unless it has guaranteed obligations of the investee or is otherwise committed to provide further financial support for the investee.

Unrealized gains on transactions between the Company and its equity-method investees are eliminated only to the extent of the Company’s interest in these entities. Unrealized losses are also eliminated, except to the extent that the underlying asset is impaired.

3. Significant accounting policies

The significant accounting policies used by the Company are as follows:

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are both readily convertible into known amounts of cash with original maturities of three months or less. Cash and cash equivalents include amounts held in United States dollar, Canadian dollar, Euro, Australian dollar, Colombian peso, Argentine peso, British Pound Sterling, and corporate bonds, commercial paper, treasury bills and money market funds.

Restricted cash

We classify cash that is legally or contractually restricted as to withdrawal or usage as restricted cash. As of *May 31, 2026*, the Company reported \$3,365 of restricted cash related to the funds held in trust in connection with the acquisition of BrewDog, which was completed on *March 2, 2026*.

Marketable Securities

We classify term deposits and other investments that have maturities of greater than *three* months but less than *one* year as marketable securities. The fair value of marketable securities is based on quoted market prices for publicly traded securities. Marketable securities are carried at fair value with changes in fair value recorded in the consolidated statement of net loss and comprehensive loss within the line “Non-operating income (expense), net”.

Accounts receivable

The Company maintains an allowance for credit losses at an amount sufficient to absorb losses inherent in its accounts receivable portfolio as of the reporting dates based on the projection of expected credit losses. The Company applies the aging method to estimate the allowance for expected credit losses. The aging method is applied to accounts

receivable at the business unit level to reflect shared risk characteristics, such as receivable type, customer type and geographical location. The aging method assigns accounts receivable to a level of delinquency and applies loss rates to each class based on historical loss experience. 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 current classes and the expected future loss. This assessment incorporates all available information relevant to considering the collectability of its current classes, including considering economic and business conditions, default trends, changes in its class composition, among other internal and external factors. The expected credit loss estimates are adjusted for current conditions and reasonable supportable forecasts.

As part of the Company's analysis of expected credit losses, it *may* analyze contracts on an individual basis in situations where such accounts receivables exhibit unique risk characteristics and are *not* expected to experience similar losses to the rest of their class.

Inventory

Inventory is valued at the lower of cost and net realizable value, and determined by using the weighted average cost. All direct and indirect costs related to inventory are capitalized as they are incurred, and they are subsequently recorded in cost of goods sold on the consolidated statements of loss and comprehensive loss at the time inventory is sold. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. At the end of each reporting period, the Company performs an assessment of inventory and records write-downs for excess and obsolete inventories based on the Company's estimated forecast of product demand, production requirements, market conditions, regulatory environment, and spoilage. Actual inventory losses *may* differ from management's estimates and such differences could be material to the Company's consolidated statements of financial position, statements of loss and comprehensive loss and statements of cash flows.

Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over the estimated useful lives or lease term, whichever is shorter. The Company's capital assets are reviewed when impairment indicators are present by analyzing the underlying cash flow projections. Maintenance and repairs are charged to expenses as incurred. The Company uses the following ranges of asset lives:

Asset type	Depreciation method	Depreciation term (estimated useful life)
Production facility	Straight-line	20 – 30 years
Equipment	Straight-line	3 – 25 years
Leasehold improvements	Straight-line	Lesser of estimated useful life or lease term
Finance lease right-of-use assets	Straight-line	Lesser of the lease term and the useful life of the leased asset

Assets held for sale

We classify capital assets that are available for immediate sale in their present condition, which the Company has approved the action or plan to sell, and the sale is probable within *one* year, as assets held for sale. As of *May 31, 2026*, the Company reported \$2,449 in assets held for sale related to Atwater Brewing from its Beverage reporting unit, see Note 6 (Capital assets). Assets held for sale are measured at the lower of carrying amount and the fair value less costs to sell, and are *no* longer depreciated. Disposition of assets held for sale are recorded in the consolidated statement of net loss and comprehensive loss.

When there are changes in circumstances that were previously considered unlikely to occur, and it is decided *not* to proceed with a sale, an asset that was previously classified as assets held for sale is reclassified as held and used. The asset is then remeasured at the lower of its carrying amount before being classified as held for sale less the amortization that would have occurred and the fair value on the date the decision *not* to proceed with a sale was made. Changes in the carrying amount are recorded in the consolidated statement of net loss and comprehensive loss.

Intangible assets

Intangible assets are recorded at cost and amortized on a straight-line basis over the estimated useful lives. The Company uses the following ranges of asset lives:

Asset type	Amortization term
Customer relationships & distribution channel	14 – 16 years
Licences, permits & applications	12 months – indefinite
Intellectual property, trademarks & brands	15 months – 25 years
Non-compete agreements	Over term of non-compete
Know how	5 years

Multi-year sports and other sponsorships rights are capitalized in Licenses, permits & applications and are amortized over the life of the contract.

Impairment of long-lived assets

The Company reviews long-lived assets, including capital assets and definite life intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset *may not* be recoverable. In order to determine if assets have been impaired, assets are grouped and tested at the lowest level for which identifiable independent cash flows are available (“asset group”). An impairment loss is recognized when the sum of projected undiscounted cash flows is less than the carrying value of the asset group. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying value of the asset group. Fair value *may* be determined using a market approach or income approach.

Business combinations and goodwill

The Company accounts for business combinations using the acquisition method in accordance with Accounting Standards Codification, ASC 805, *Business Combinations* which requires recognition of assets acquired and liabilities assumed, including contingent assets and liabilities, at their respective fair values on the date of acquisition.

Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as a liability is remeasured at subsequent reporting dates, with the corresponding gain or loss recognized in profit or loss.

Non-controlling interests in the acquiree are measured at fair value on acquisition date. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements).

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.

Goodwill represents the excess of the consideration transferred for the acquisition of subsidiaries over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment of goodwill and indefinite-lived intangible assets

Goodwill is allocated to the reporting unit in which the business that created the goodwill resides. A reporting unit is an operating segment, or a business unit *one* level below that operating segment, for which discrete financial information is prepared and regularly reviewed by segment management. We operate in four operating segments, which are our reporting units, and goodwill is allocated at the operating segment level. The Company reviews goodwill and indefinite-lived intangible assets annually for impairment in the *fourth* quarter, or more frequently if events or circumstances indicate that the carrying amount of an asset *may not* be recoverable.

In performing its annual goodwill impairment test, the Company *first* assesses qualitative factors including macroeconomic factors, industry trends, cost factors, overall financial performance and the Company’s share price and resultant market value capitalization in comparison to its book value to determine whether it is more likely than *not* that the fair value of a reporting unit is less than its carrying value. If further testing is required, the Company estimates the

fair value of the reporting unit using valuation approaches that *may* include discounted cash flow, market, and asset-based methodologies. These analyses require significant judgment, including assumptions related to future cash flows, long-term growth rates, probability of anticipated EU and U.S. cannabis regulatory changes, profitability, and discount rates. If the carrying value of a reporting unit exceeds its fair value, an impairment charge is recognized for the amount by which the carrying value exceeds the reporting unit's fair value, *not* to exceed the carrying amount of goodwill.

Leases

Arrangements containing leases are evaluated as an operating or finance lease at lease inception. For operating leases, the Company recognizes an operating lease right-of-use ("ROU") asset and operating lease liability at lease commencement based on the present value of lease payments over the lease term. With the exception of certain finance leases, an implicit rate of return is *not* readily determinable for the Company's leases. For these leases, an incremental borrowing rate is used in determining the present value of lease payments and is calculated based on information available at the lease commencement date.

The incremental borrowing rate is determined using a portfolio approach based on the rate of interest the Company would have to pay to borrow funds on a collateralized basis over a similar term. The Company references market yield curves which are risk-adjusted to approximate a collateralized rate in the currency of the lease. These rates are updated on a quarterly basis for measurement of new lease obligations.

The Company's lease terms *may* include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Leases with an initial term of 12 months or less are *not* recognized on the Company's consolidated statements of financial position. Operating lease assets are presented as right-of-use assets, and corresponding operating lease liabilities are presented within lease liabilities, on the Company's consolidated statements of financial position. Finance lease assets are included in capital assets, and corresponding finance lease liabilities are included within current lease liabilities, on the Company's consolidated statements of financial position.

Long-term investments

Investments in equity securities of entities over which the Company does *not* have a controlling financial interest or significant influence are classified as an equity investment and accounted for at fair value. Equity investments without readily determinable fair values are measured at cost with adjustments for observable changes in price or impairments (referred to as the "measurement alternative"). In applying the measurement alternative, the Company performs a qualitative assessment on a quarterly basis and recognizes an impairment if there are sufficient indicators that the fair value of an individual equity investment is less than its carrying value. Changes in value are recorded in the consolidated statement of net loss and comprehensive loss, within the line, "Non-operating income (expense), net".

Equity method investments

Investments in entities over which the Company does *not* have a controlling financial interest but has significant influence, are accounted for using the equity method, with the Company's share of losses reported in loss from equity method investments on the statements of loss and comprehensive loss in "Other non-operating (losses) gains, net". Equity method investments are recorded at cost, plus the Company's share of undistributed earnings or losses, and impairment, if any, within interest in equity investees on the statements of financial position.

Convertible debentures

The Company accounts for its convertible debentures in accordance with ASC 470-20 *Debt with Conversion and Other Options*, whereby the convertible instrument is initially accounted for as a single unit of account, unless it contains a derivative that must be bifurcated from the host contract in accordance with ASC 815-15 *Derivatives and Hedging—Embedded Derivatives* or the substantial premium model in ASC 470-20 *Debt—Debt with Conversion and Other Options* applies. Where the substantial premium model applies, the premium is recorded in additional paid-in capital. The resulting debt discount is amortized over the period during which the convertible notes are expected to be outstanding as additional non-cash interest expenses.

Upon repurchase of convertible debt instruments, ASC 470-20 requires the issuer to allocate total settlement consideration, inclusive of transaction costs, amongst the liability and equity components of the instrument based on the fair value of the liability component immediately prior to repurchase. The difference between the settlement

consideration allocated to the liability component and the net carrying value of the liability component, including unamortized debt issuance costs, would be recognized as gain (loss) on extinguishment of debt in the statements of loss and comprehensive loss. The remaining settlement consideration allocated to the equity component would be recognized as a reduction of additional paid-in capital in the statements of financial position.

For convertible debentures with an embedded conversion feature that did *not* meet the equity scope exception from derivative accounting pursuant to ASC 815-15, the Company elected the fair value option under ASC 825 *Fair Value Measurements*. When the fair value option is elected, the convertible debenture is initially recognized at fair value on the statements of financial position and all subsequent changes in fair value, excluding the impact of the change in fair value related to instrument-specific credit risk are recorded in non-operating income (loss). The changes in fair value related to instrument-specific credit risk is recorded through other comprehensive income (loss). Transaction costs directly attributable to the issuance of the convertible debenture is immediately expensed in the statements of loss and comprehensive loss.

Warrants

Warrants are accounted for in accordance with applicable accounting guidance provided in ASC 815 *Derivatives and Hedging—Contracts in Entity's Own Equity*, as either liabilities or as equity instruments depending on the specific terms of the warrant agreement. Warrants classified as liabilities are recorded at fair value and are remeasured at each reporting date until settlement. Changes in fair value are recognized as change in fair value of the warrant liability in the consolidated statements of loss and comprehensive loss. Transaction costs allocated to warrants that are presented as a liability are immediately expensed in the statements of loss and comprehensive loss. Warrants classified as equity instruments are initially recognized at fair value and are *not* subsequently remeasured.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of accounts receivable, prepaids and other current assets, bank indebtedness and accounts payable and accrued liabilities approximate their fair values due to their short periods to maturity. The Company calculates the estimated fair value of financial instruments, including convertible notes receivable, long-term investments, warrant liability, contingent consideration, and convertible debentures, using quoted market prices when available. When quoted market prices are *not* available, fair value is determined based on valuation techniques using the best information available and *may* include quoted market prices, market comparable, and discounted cash flow projections.

Income taxes

Income taxes are recognized in the consolidated statements of loss and comprehensive loss and are comprised of current and deferred taxes. Current tax is recognized in connection with income for tax purposes, unrealized tax benefits and the recovery of tax paid in a prior period and measured using enacted tax rates and laws applicable to the taxation period during which the income for tax purposes arose. Deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Management makes an assessment of the likelihood that a deferred tax asset will be realized, and a valuation allowance is provided to the extent that it is more likely than *not* that all or a portion of a deferred tax asset will *not* be realized.

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

Revenue

Revenue is recognized when the control of the promised goods or services, through performance obligation, is transferred or provided to the customer in an amount that reflects the consideration we expect to be entitled to in exchange for the performance obligations.

Excise taxes remitted to tax authorities are government-imposed excise taxes on cannabis and beer. Excise taxes are recorded as a reduction of sales in net revenue in the consolidated statements of loss and comprehensive loss and recognized as a current liability within accounts payable and accrued liabilities on the consolidated balance sheets, with the liability subsequently reduced when the taxes are remitted to the tax authority.

In addition, amounts disclosed as net revenue are net of excise taxes, sales tax, duty tax, allowances, discounts and rebates.

In determining the transaction price for the sale of goods or services, the Company considers the effects of variable consideration and the existence of significant financing components, if any.

We may enter into certain contracts for the sale of goods or services, which provide customers with rights of return, volume discounts, bonuses for volume/quality achievement, and/or sales allowances. In addition, the Company may provide in certain circumstances, a retrospective price reduction to a customer based primarily on inventory movement. The inclusion of these items may give rise to variable consideration. The Company uses the expected value method to estimate the variable consideration because this method provides the most accurate estimation of the amount of variable consideration to which the Company will be entitled. The Company uses historical evidence, current information and forecasts to estimate the variable consideration. The Company reduces revenue and recognizes a contract liability, recorded in accounts receivable, net, equal to the amount expected to be refunded to the customer in the form of a future rebate or credit for a retrospective price reduction, representing its obligation to return the customer's consideration. The estimate is updated at each reporting period date.

Cost of goods sold

Cost of goods sold represents costs directly related to manufacturing and distribution of the Company's products. Primary costs include raw materials, packaging, direct labor, overhead, shipping and handling, the amortization of manufacturing equipment and production facilities and tariffs. Manufacturing overhead and related expenses include salaries, wages, employee benefits, utilities, maintenance and property taxes. Cost of goods sold also includes inventory valuation adjustments.

General and administrative

General and administrative expenses are comprised primarily of (i) personnel related costs such as salaries, benefits, annual employee bonus expense and stock-based compensation costs; (ii) legal, accounting, consulting and other professional fees; and (iii) corporate insurance and other facilities costs associated with our corporate and administrative locations.

Selling

Selling expenses are comprised of direct selling costs which primarily consist of (i) commissions paid to our *third-party* workforce, (ii) patient acquisition and maintenance fees, (iii) Health Canada's cannabis fees and (iv) outbound freight.

Marketing and promotion

Marketing and promotion expenses are comprised primarily of marketing and advertising expenses.

Research and development

Research and development costs are expensed as incurred. Research and development are comprised primarily of costs for clinical study costs, contracted research, consulting services, materials, supplies and other expenses incurred to sustain our overall research and development programs.

Stock-based compensation

The Company has an omnibus plan which includes issuances of stock options, restricted stock units ("RSUs") and stock appreciation rights ("SARs"). The Company estimates the fair value of stock options on the date of grant using the Black-Scholes option pricing model. The fair value of RSUs is based on the share price as at date of grant and no SARs were issued to date. The share-based compensation expense is based on the fair value of the stock-based awards at the grant date and the expense is recognized over the related service period following a straight-line vesting expense schedule. The Company estimates forfeitures at the time of grant and revises these estimates in subsequent periods if actual forfeitures differ from those estimates. Any revisions are recognized in the consolidated statements of loss and comprehensive loss such that the cumulative expense reflects the revised estimate.

For performance-based stock options and RSUs, the Company records compensation expense over the estimated service period adjusted for a probability factor of achieving the performance-based milestones. At each reporting date, the Company assesses the probability factor and records compensation expense accordingly, net of estimated forfeitures.

Transaction (income) costs, net

The Company expenses costs net of any gains directly attributable to business acquisitions and classifies these items as transaction (income) costs, net. These items include among other things, legal fees to complete the acquisition, financial advisor and due diligence costs, and transaction related compensation. These items are recognized as incurred.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing reported net income (loss) attributable to stockholders of Tilray Brands, Inc. by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is computed by dividing reported net income (loss) attributable to stockholders of Tilray Brands, Inc. by the sum of the weighted average number of common shares and the number of dilutive potential common share equivalents outstanding during the period. Potential dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of vested share options, warrants, and RSUs and the incremental shares issuable upon conversion of the convertible debentures and similar instruments. Shares of common stock outstanding under the share lending arrangement entered into in conjunction with the TLRY 27 Notes, see Note 16 (Convertible debentures payable) are excluded from the calculation of basic and diluted earnings per share because the borrower of the shares is required to refund any dividends paid on the shares lent under the share lending arrangement.

In computing diluted earnings (loss) per share, common share equivalents are *not* considered in periods in which a net loss is reported, as the inclusion of the common share equivalents would be anti-dilutive. For the fiscal years ended *May 31, 2026* and *May 31, 2025*, the dilutive potential common share equivalents outstanding consisted of the following: 7,583,186 and 2,132,358 common shares from RSUs, 303,148 and 303,139 common shares from share options, nil and 620,900 common shares for warrants and 3,314,080 and 3,954,802 common shares for convertible debentures, respectively. Current and prior year share amounts have been retrospectively adjusted to reflect the Reverse Stock Split, which became effective on *December 2, 2025*.

Digital Assets

In *December 2023*, FASB issued ASU 2023-08, Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets. ASU 2023-08 requires certain crypto assets to be measured at fair value separately on the balance sheet with gains and losses from changes in the fair value reported as unrealized gains or losses in the consolidated statement of income (loss) and comprehensive income (loss) each reporting period. ASU 2023-08 also enhances the other intangible asset disclosure requirements by requiring the name, cost basis, fair value, and number of units for each significant crypto asset holding. In conjunction with the acquisition of digital assets during the fiscal quarter ended *August 31, 2025*, the Company adopted and applied ASU-2023-08 henceforth.

The Company's digital assets are initially recorded at cost, and are subsequently measured at fair value as of each reporting period. The Company determines the fair value of its digital assets in accordance with ASC 820, Fair Value Measurement, based on quoted prices in its principal market for Bitcoin (Level 1). Changes in fair value are recognized as incurred in the Company's consolidated statement of income (loss) and comprehensive income (loss), as "Unrealized (gain) loss on digital assets," within non-operating (income) and expenses, net. Cash flows associated with the purchase and sale of digital assets are classified as investing activities in the Company's consolidated statements of cash flows.

Critical accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. These estimates and judgments are subject to change based on experience and new information which could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affecting future periods. Actual results *may* differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Financial statement areas that require significant judgement and estimates are as follows:

Estimated useful lives, impairment considerations and amortization of capital and intangible assets – Amortization of capital and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Goodwill and indefinite-lived intangible asset impairment testing require management to make estimates in the impairment testing model. On at least an annual basis, the Company tests whether goodwill and indefinite-lived intangible assets are impaired. Impairment of definite long-lived assets is influenced by judgment in defining a reporting unit and determining the indicators of impairment, and estimates used to measure impairment losses. Management uses significant judgement in assessing the qualitative factors to be considered in the qualitative goodwill impairment assessment, including macroeconomic factors, industry trends, cost factors, overall financial performance and the Company's share price and resultant market value capitalization in comparison to its book value.

The reporting unit's fair value is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates, probability of anticipated EU and U.S. cannabis regulatory changes and discount rates.

Business combinations – Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. Judgment *may* also be required in determining the date on which control of an acquired business is obtained, particularly in situations involving pending regulatory approvals, licensing transfers or other administrative matters, where management must evaluate all relevant facts and circumstances to determine the acquisition date for accounting purposes. We use judgement in applying the acquisition method of accounting for business combinations and estimates to value contingent consideration, identifiable assets and liabilities assumed at the acquisition date. Estimates are used to determine cash flow projections, including the period of future benefit, and future growth and discount rates, among other factors. In certain circumstances, management also considers whether economic obsolescence or other market participant assumptions should be reflected in the valuation of acquired assets, including where external economic factors, market conditions, asset utilization, or the transaction price indicate that replacement cost *may not* be representative of acquisition-date fair value. The values allocated to the acquired assets and liabilities assumed affect the amount of goodwill recorded on acquisition. Fair value of assets acquired and liabilities assumed is typically estimated using an income approach, which is based on the present value of future discounted cash flows. Significant estimates in the discounted cash flow model include the discount rate, rate of future revenue growth and profitability of the acquired business and working capital effects. The discount rate considers the relevant risk associated with the business-specific characteristics and the uncertainty related to the ability to achieve projected cash flows. These estimates and the resulting valuations require significant judgment. Management engages *third* party experts to assist in the valuation of material acquisitions.

New accounting pronouncements not yet adopted

In August 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-05, Business Combination—Joint Venture Formations (Subtopic 805-60) Recognition and Initial Measurement ("ASU 2023-05"), which is intended to address the accounting for contributions made to a joint venture. ASU 2023-05 is effective for the Company beginning June 1, 2026. This update will be applied prospectively and the Company is currently evaluating the effect of adopting this ASU.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires disaggregated disclosure of income statement expenses for public business entities. ASU 2024-03 is effective for the Company beginning fiscal year ended May 31, 2028 and will be disclosed in the Annual Report on Form 10-K for such period. The Company is currently evaluating the effect of adopting this ASU.

New accounting pronouncements recently adopted

In November 2024, the FASB issued ASU 2024-04, Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments, which seeks to clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The Company adopted ASU 2024-04 beginning June 1, 2025, however, it did *not* have any impact on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) Improvements to Income Tax Disclosures, which requires public entities to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold on an annual basis. We adopted ASU 2023-09 in our Form 10-K for the period ended May 31, 2026, on a prospective basis, see Note 12 (Income taxes and deferred income taxes).

4. Inventory

Inventory is comprised of:

	May 31, 2026	May 31, 2025
Beverage inventory	\$ 80,723	\$ 63,965
Plants	38,253	24,045
Dried cannabis	106,467	103,507
Cannabis derivatives	5,463	7,877
Cannabis vapes.	1,649	1,860
Packaging and other inventory items.	14,255	15,366
Distribution inventory	40,054	38,735
Wellness inventory.	14,328	15,527
Total	<u>\$301,192</u>	<u>\$270,882</u>

Included in cost of goods sold for the fiscal year ended *May 31, 2026* and *May 31, 2025* are \$nil and \$1,610 of fair value step up adjustments under purchase accounting (PPA) for beverage inventory sold during the course of the fiscal year, respectively.

5. Related party transactions

In the normal course of business, the Company enters into related party transactions with certain entities under common control and joint ventures as detailed below.

Solana Life Group, S. de R.L.

On *October 13, 2025*, the Company entered into a strategic partnership for medical cannabis operations in Panama. Under this partnership, the Company holds a 25% equity interest in Solana Life Group, S. de R.L., a Panamanian entity. The joint venture is engaged in the importation, distribution, and commercialization of medical cannabis products in Panama. During the fiscal year ended *May 31, 2026*, there were *no* transactions with this entity.

RIKI Ventures, LLC

The Company entered into a strategic partnership on *December 12, 2022* with RIKI Ventures, LLC. in which the Company had a joint venture arrangement with a 50% ownership and voting interest. This venture was held by our craft beverage company Breckenridge. During the fiscal year ended *May 31, 2025*, there were *no* transactions with this entity and the Company dissolved its membership interest in RIKI Ventures, LLC. During the fiscal year ended *May 31, 2026*, as a result of the sold membership interest, RIKI Ventures paid a termination fee of \$77 that was recorded within the Consolidated Statement of Loss, within other non-operating (losses) gains, net.

The Company also has the following related party employment arrangements. Benjamin Persofsky (son of Director, Renah Persofsky) is employed as Senior Legal Counsel in the Company's legal department. Garrett Simon (son of Irwin Simon) is employed in the Company's beverage marketing group. In Fiscal Year 2026, (i) Mr. Persofsky earned total compensation equal to \$130 and (ii) Mr. Simon earned total compensation equal to £90 (\$127). Their respective compensation amounts are commensurate with that of similarly situated employees at other companies. The Company's Board of Directors, through its Audit Committee, reviewed and approved these related party transactions.

6. Capital assets

Capital assets consisted of the following:

	May 31, 2026	May 31, 2025
Land	\$ 59,764	\$ 44,529
Production facility	464,415	407,650
Equipment	283,778	280,585
Leasehold improvement.	32,954	20,415

	May 31, 2026	May 31, 2025
Finance lease, right-of-use assets	117,976	40,308
Construction in progress	10,009	11,241
	<u>\$ 968,896</u>	<u>\$ 804,728</u>
Less: accumulated amortization.	(288,671)	(236,295)
Total	<u>\$ 680,225</u>	<u>\$ 568,433</u>

The Company performs ongoing impairment assessments whenever events or changes in circumstances indicate that the carrying amount of an asset group *may not* be recoverable. During the fiscal years ended *May 31, 2026* and *May 31, 2025*, after completing an assessment for indicators of impairment, it was determined that the asset groups were recoverable and as a result there were \$nil impairments during the respective fiscal years.

Assets held for sale consisted of the following:

	May 31, 2026	May 31, 2025
Production facilities	\$ —	\$5,800
Equipment	979	—
Leasehold improvements	493	—
Operating lease, right-of-use assets	977	—
Total	<u>\$2,449</u>	<u>\$5,800</u>

As of *May 31, 2025*, the Company classified \$5,800 of the Fort Collins, CO partially vacant warehouse facility from its Cannabis reporting segment as assets held for sale. During the fiscal year ended *May 31, 2026*, the Company completed the sale of the Fort Collins asset group. The loss on the disposition of the Fort Collins asset group was recorded in the consolidated statement of net loss and comprehensive loss.

Additionally, during the fiscal year ended *May 31, 2026*, the Company classified the assets of Atwater Brewing, with a carrying value of \$2,449 from its Beverage reporting unit, as assets held for sale. These assets were acquired on *September 1, 2024* as part of the transaction referred to as “Craft Acquisition II.” Following management’s assessment of facility utilizations, it was determined that such assets would be held for sale. Assets held for sale are measured at the lower of carrying amount and the fair value less costs to sell and are *no* longer depreciated. Changes in the carrying amount are recorded in the consolidated statement of net loss and comprehensive loss.

7. Leases

The Company has operating leases for facilities, office spaces, production equipment and vehicles.

Leases have varying terms with remaining lease terms of up to approximately 30 years. Certain of our lease arrangements provide us with the option to extend or to terminate the lease early.

The table below presents the lease-related assets and liabilities recorded on the balance sheet.

	Classification on Balance Sheet	May 31, 2026	May 31, 2025
Assets			
Finance lease, right-of-use assets	Capital assets	\$117,976	\$40,308
Operating lease, right-of-use assets	Operating lease, right-of-use assets	42,318	22,279
Total right-of-use asset		<u>\$160,294</u>	<u>\$62,587</u>
Liabilities			
Current:			
Current portion of finance lease liabilities	Current portion of lease liabilities	\$ 5,105	\$ 1,560
Current portion of operating lease liabilities	Current portion of lease liabilities	8,252	5,381
Non-current:			
Finance lease liabilities	Lease liabilities	119,682	44,295
Operating lease liabilities	Lease liabilities	38,473	20,630
Total lease liabilities		<u>\$171,512</u>	<u>\$71,866</u>

For the fiscal year ended *May 31, 2026*, the Company had \$4,980 of operating lease expenses, which included an offset of \$nil for sublease income. For the fiscal year ended *May 31, 2025*, the Company had \$3,453 of operating lease expenses, which included an offset of \$761 for sublease income.

Included in the total lease liabilities is \$985 related to disposal groups classified as held for sale. See Note 6 (Capital Assets).

The following table presents the future undiscounted payments associated with lease liabilities as of *May 31, 2026*:

	Operating leases	Finance leases
2027	\$ 16,724	\$ 19,067
2028	15,588	19,067
2029	10,236	18,919
2030	6,671	18,683
Thereafter	13,200	148,357
Total minimum lease payments	\$ 62,419	\$224,093
Imputed interest	(15,694)	(99,306)
Obligations recognized	<u>\$ 46,725</u>	<u>\$124,787</u>

8. Intangible assets

Intangible assets are comprised of the following:

	Customer relationships & distribution channel	Licenses, permits & applications	Intellectual property, trademarks, knowhow & brands	May 31, 2026
Cost	\$6,793	\$24,573	\$26,633	\$ 57,999
Accumulated amortization	(264)	(5,707)	(9,249)	(15,220)
Total	<u>\$6,529</u>	<u>\$18,866</u>	<u>\$17,384</u>	<u>\$ 42,779</u>

As of *May 31, 2026*, the Company also has the following intangible assets which have been fully impaired; \$444,208 of customer relationships and distribution channels, \$367,022 of licenses, permits and applications, and \$452,530 of intellectual property, trademarks, know-how and brands.

	Customer relationships & distribution channel	Licenses, permits & applications	Non-compete agreements	Intellectual property, trademarks, knowhow & brands	May 31, 2025
Cost	\$ 610,240	\$ 387,238	\$ 12,449	\$ 618,514	\$ 1,628,441
Accumulated amortization	(166,032)	(9,693)	(12,449)	(155,084)	(343,258)
Accumulated impairment losses	(444,208)	(367,022)	—	(452,530)	(1,263,760)
Total	<u>\$ —</u>	<u>\$ 10,523</u>	<u>\$ —</u>	<u>\$ 10,900</u>	<u>\$ 21,423</u>

As of *May 31, 2026*, included in licenses, permits & applications are multi-period sponsorship rights of \$18,783 and \$nil of indefinite-lived intangible assets compared to \$15,047 and \$nil as of *May 31, 2025*, respectively. See Note 3 (Significant accounting policies) for additional details.

The Company's indefinite-lived intangible assets were fully impaired in prior periods and had *no* remaining carrying value as of *May 31, 2026*. The Company performed the annual impairment test on its finite-lived intangible assets, management assessed for asset specific indicators of impairment during the *fourth* quarter ended *May 31, 2026*, and determined there were *no* impairments to finite-lived intangible assets during the year ended *May 31, 2026*.

During the fiscal year ended *May 31, 2025*, the Company recorded non-cash impairments of \$334,207 related to its finite-lived customer relationships & distribution channel, \$186,649 related to its licenses, permits & applications, which were considered indefinite-lived intangible assets and \$327,059 related to its finite-lived intellectual property,

trademarks, knowhow & brands. This impairment charge resulted in a corresponding income tax recovery of \$121,436, resulting in the corresponding reduction in deferred tax liabilities. In calculating the impairment charge, using an income approach, the Company used a discount rate of 10.00%-14.50%, a terminal growth rate of 2%, and an average revenue growth rate of 5%-30% over 5 years to correlate with the cash flows anticipated with the individual intangible assets that were assessed. A reasonably possible change in any of the inputs within the determination of fair value would *not* result in a material change to the impairment recorded.

During the fiscal year ended *May 31, 2024*, there were no impairments to indefinite-lived intangible assets.

Estimated amortization expense for each of the *five* succeeding fiscal years and thereafter is as follows:

	<u>Amortization</u>
2027.....	\$13,563
2028.....	13,563
2029.....	4,130
2030.....	4,130
2031.....	4,130
Thereafter	<u>3,263</u>
Total.....	<u>\$42,779</u>

9. Business Acquisitions

Acquisition of Craft Beverage Business Portfolio II

Effective *September 1, 2024*, the Company acquired four craft beer brands and breweries from Molson Coors Beverage Company (“Molson”) including Atwater Brewery, Hop Valley Brewing Company, Terrapin Beer Co., and Revolver Brewing (the “Craft Acquisition II”). The purpose of the acquisition was to continue broadening Tilray’s beverage brand strategy. In consideration for the acquisition, the Company paid a total purchase price of \$22,979 in cash, which was subject to certain customary post-closing working capital adjustments.

The table below summarizes the fair value of the assets acquired and the liabilities assumed for the Craft Acquisition II at the effective acquisition date as follows:

	<u>Amount</u>
Consideration	
Cash consideration	\$22,979
Net assets acquired	
Current assets	
Cash and cash equivalents.....	4,869
Accounts receivable	1,993
Inventory	6,844
Prepays and other current assets	185
Long-term assets	
Capital assets.....	20,916
Finance lease, right-of-use assets	1,869
Operating lease, right-of-use assets.....	<u>1,884</u>
Total assets	38,560
Current liabilities	
Accounts payable and accrued liabilities	11,828
Current portion of finance lease liabilities	354
Current portion of operating lease liabilities.....	564
Long-term liabilities	
Finance lease liabilities.....	1,515
Operating lease liabilities	<u>1,320</u>
Total liabilities	<u>15,581</u>
Total net assets acquired	<u><u>22,979</u></u>

In the event that the Craft Acquisition II had occurred on *June 1, 2024*, the Company would have had, on an unaudited proforma basis, additional net revenue of approximately \$nil for the fiscal year ended *May 31, 2026* and approximately \$13,700 for the fiscal year ended *May 31, 2025*, and its net loss and comprehensive net loss would have increased by approximately \$nil for the fiscal year ended *May 31, 2026*, and \$5,500 for the fiscal year ended *May 31, 2025*. This unaudited pro forma financial information does *not* reflect the realization of any expected ongoing synergies relating to the integration of the Craft Acquisition II.

Acquisition of BrewDog

BrewDog UK I

On *March 2, 2026*, Tilray Brands UK Ltd (“Tilray UK”), a wholly owned subsidiary of the Company, entered into a Business and Asset Sale Agreement (the “BrewDog BASA”). Under the BrewDog BASA, Tilray UK acquired certain business operations and assets of BrewDog plc and certain of its subsidiary undertakings (collectively, the “BrewDog Group”) through a pre-packaged administration process in Scotland under the Insolvency Act 1986, with the intent for Tilray UK to carry on the acquired business operations and assets as a going concern. The assets acquired included the brewery and distillery located in Ellon, Aberdeenshire, Scotland (the “UK Brewery”), the on-line business, the retail business, 11 of the BrewDog strategic pubs in Scotland, England and Ireland and all the world-wide intellectual property rights relating to the BrewDog brand, including sub-brands such as Punk IPA, Hazy Jane, Wingman, Elvis Juice and Dead Pony Club. The purpose of the acquisition is to broaden Tilray’s beverage brand strategy into international markets. In consideration for the acquisition, the Company paid a total cash purchase price of £33,000 (\$44,220).

BrewDog Australia

On *March 9, 2026*, the Company acquired BrewDog Brewing Australia Pty Ltd., which included BrewDog’s Australian brewery, along with two hospitality venues in Australia. The purpose of the acquisition is to continue broadening Tilray’s beverage brand strategy into international markets. In consideration for the acquisition, the Company paid nominal consideration.

BrewDog UK II

On *March 23, 2026*, the Company acquired 5 additional BrewDog pubs in Scotland and England. The purpose of the acquisition is to broaden Tilray’s beverage brand strategy into international markets. In consideration for the acquisition, the Company paid a total purchase price of £418 (\$560).

BrewDog U.S.

On *March 16, 2026*, Tilray BrewDog U.S., Inc., a wholly-owned subsidiary of the Company, entered into an asset purchase agreement to acquire certain strategic BrewDog assets in the U.S., including a brewery, pub, and hotel in Columbus, Ohio, as well as pubs located in New Albany, Ohio, Cleveland, Ohio, and Las Vegas, Nevada. The Company obtained control of the acquired assets and assumed liabilities on *April 1, 2026*, which represents the acquisition date for accounting purposes under ASC 805, notwithstanding certain regulatory approvals that remained pending as of that date. The purpose of the acquisition is to broaden Tilray’s beverage brand strategy. In consideration for the acquisition, the Company paid a total purchase price of \$9,293 for BrewDog’s U.S. assets, subject to customary post-closing adjustments.

The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value *may* be subject to adjustments pending completion of final valuations and post-closing adjustments. The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed for the BrewDog acquisitions at the effective acquisition dates as follows:

	BrewDog UK I March 2, 2026	BrewDog AUS March 9, 2026	BrewDog UK II March 23, 2026	BrewDog US April 1, 2026	Total
Consideration					
Cash consideration	\$ 44,220	\$ —	\$ 560	\$ 9,293	\$ 54,073
Net assets acquired					
Current assets					
Cash and cash equivalents	159	392	—	19	570
Accounts receivable	336	797	—	—	1,133
Inventory	16,173	604	—	2,098	18,875
Prepays and other current assets	159	322	—	—	481
Long-term assets					
Capital assets	60,664	2,769	1,738	7,176	72,347
Finance lease, right-of-use assets	44,640	17,318	—	17,881	79,839
Operating lease, right-of-use assets	16,713	—	5,213	3,697	25,623
Intangible assets	10,762	—	—	—	10,762
Total assets	149,606	22,202	6,951	30,871	209,630
Current liabilities					
Accounts payable and accrued liabilities . .	44,033	4,885	1,177	—	50,095
Current portion of finance lease liabilities .	2,827	72	—	466	3,365
Current portion of operating lease liabilities	2,088	—	459	299	2,846
Long-term liabilities					
Finance lease liabilities	41,813	17,245	—	17,415	76,473
Operating lease liabilities	14,625	—	4,755	3,398	22,778
Total liabilities	105,386	22,202	6,391	21,578	155,557
Total net assets acquired	\$ 44,220	\$ —	\$ 560	\$ 9,293	\$ 54,073

In the event that the BrewDog acquisition had occurred on *June 1, 2025*, the Company would have had, on an unaudited proforma basis for the asset groups purchased, additional net revenue of approximately \$190,198 and its net loss and comprehensive net loss would have increased by approximately \$41,428 for the fiscal year ended *May 31, 2026*. In the event that the BrewDog acquisition had occurred on *June 1, 2024*, the Company would have had, on an unaudited proforma basis for the asset groups purchased, additional net revenue of approximately \$276,533 and its net loss and comprehensive net loss would have increased by approximately \$32,288 for the fiscal year ended *May 31, 2025*. This unaudited pro forma financial information does *not* reflect the realization of any expected ongoing synergies relating to the integration of the BrewDog acquisition.

Acquisition of Lyphe

On *April 15, 2026*, the Company issued 398,666 shares of the Company's Common Stock, as partial consideration pursuant to the share purchase agreement for the acquisition of the Lyphe Group. The purpose of the acquisition was driven by a strategic rationale tied to growth, vertical integration, and expansion in Europe, especially the UK medical cannabis market. In consideration for the acquisition, the Company paid a total purchase price of \$3,074 (£2,200) which consisted of stock consideration of \$2,795 and \$279 of cash consideration.

The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value *may* be subject to adjustments pending completion of final valuations and post-closing adjustments. The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed for the Lyphe acquisition at the effective acquisition date as follows:

	<u>Amount</u>
Consideration	
Shares	\$2,795
Cash consideration	279
Net assets acquired	
Current assets	
Cash and cash equivalents	83
Accounts receivable	125
Inventory	146
Prepays and other current assets	118
Long-term assets	
Capital assets	34
Intangible assets	<u>4,328</u>
Total assets	4,834
Current liabilities	
Accounts payable and accrued liabilities	<u>1,760</u>
Total liabilities	<u>1,760</u>
Total net assets acquired	<u><u>\$3,074</u></u>

In the event that the Lyphe acquisition had occurred on *June 1, 2025*, the Company would have had, on an unaudited proforma basis, additional net revenue of approximately \$3,041 for the fiscal year ended *May 31, 2026* and its net loss and comprehensive net loss would have increased by approximately \$1,573 for the fiscal year ended *May 31, 2026*. In the event that the Lyphe acquisition had occurred on *June 1, 2024*, the Company would have had, on an unaudited proforma basis, additional net revenue of approximately \$4,041 for the fiscal year ended *May 31, 2025* and its net loss and comprehensive net loss would have increased by approximately \$723 for the fiscal year ended *May 31, 2025*. This unaudited pro forma financial information does *not* reflect the realization of any expected ongoing synergies relating to the integration of the Lyphe acquisition.

10. Goodwill

The following tables shows the carrying amount of goodwill as of *May 31, 2026* and as of *May 31, 2025*:

					<u>May 31, 2026</u>
Cannabis Goodwill					\$ 2,640,669
Accumulated impairment losses					<u>(1,888,319)</u>
Total					<u><u>\$ 752,350</u></u>

	<u>Reporting Units</u>				<u>May 31, 2025</u>
	<u>Beverage</u>	<u>Cannabis</u>	<u>Wellness</u>	<u>Distribution</u>	
Goodwill	\$ 120,802	\$ 2,640,669	\$ 77,470	\$ 4,458	\$ 2,843,399
Accumulated impairment losses	(120,802)	(1,897,431)	(68,186)	(4,235)	(2,090,654)
Effect of foreign exchange	—	9,112	(9,284)	(223)	(395)
Total	<u><u>\$ —</u></u>	<u><u>\$ 752,350</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 752,350</u></u>

The Company performed the annual impairment test during the *fourth* quarter ended *May 31, 2026* by completing a qualitative assessment of relevant events and circumstances. Based on this assessment, the Company determined that it was *not* more likely than *not* that the fair value of any reporting unit was less than its carrying amount. Accordingly, *no* further goodwill impairment testing was performed and no goodwill impairment charges were recognized during the period.

In the fiscal year ended *May 31, 2025*, the Company identified indicators of impairment based on a combination of factors, including a sustained decline in market capitalization, driven in part by uncertainty related to changes in U.S. and global economic conditions, including slower-than-anticipated progress in global cannabis legalization and continued declines in the craft beer industry. In addition, changes in non-discretionary market inputs, including increases in the Company's discount rate, negatively impacted the estimated future cash flows of its reporting units. As a result, the Company concluded it was more likely than *not* that the fair value of certain reporting units was less than their carrying amounts as of *May 31, 2025*. Accordingly, the Company utilized the income approach, which uses future discounted cash flows, to determine the fair value of each reporting unit. As a result, the Company recorded non-cash impairment charges of \$1,070,000 of cannabis goodwill, \$120,815 of beverage goodwill, \$53,173 of wellness goodwill and \$4,235 of distribution goodwill. The non-cash charge had *no* impact on the Company's compliance with debt covenants at *May 31, 2025*, its cash flows or available liquidity.

In the Company's cannabis goodwill assessment, the Company used a discount rate of 14.50%, a terminal growth rate of 5%, and an average revenue growth rate of 34% over 5 years, based on an 65% and 25% average probability of anticipated EU and U.S. cannabis legalization, respectively and/or changes in drug policy in various countries within the next 5 years. A 1% increase in the discount rate would result in an additional \$133,800 in impairment, a 1% decrease in the terminal growth rate would result in an additional \$93,500 in impairment, a 5% decrease in the average growth rate would result in an additional \$23,400 in impairment, a 5% decrease in the probability of EU cannabis legalization would result in an additional \$44,000 in impairment and a 5% decrease in the probability of US cannabis legalization would result in an additional \$17,100 in impairment. Changes to those probabilities resulting in continued delays in or cessation of legalization of cannabis within the United States and internationally, or adverse regulatory changes to existing legislation, could have an unfavorable impact on the estimated future cash flows, and ultimately, the fair value of the cannabis reporting unit, which *may* result in a material impairment expense recognized in future reporting periods.

In the Company's beverage goodwill assessment, the Company used a discount rate of 10.00%, a terminal growth rate of 2%, and an average revenue growth rate of 2% over 5 years, which brought the remaining beverage goodwill balance to \$nil.

In the Company's wellness goodwill assessment, the Company used a discount rate of 12.25%, a terminal growth rate of 2%, and an average revenue growth rate of 7% over 5 years, which brought the remaining wellness goodwill balance to \$nil.

In the Company's distribution goodwill assessment, the Company recorded \$4,235 of impairments which brought the remaining distribution goodwill balance to \$nil.

For the fiscal year ended *May 31, 2024*, the Company recognized \$nil impairment expense.

11. Long-term investments

Long-term investments are comprised of the following items:

	May 31, 2026	May 31, 2025
Equity investments measured at fair value	\$2,187	\$ 1,972
Equity investments under measurement alternative	4,364	8,160
Total	<u>\$6,551</u>	<u>\$10,132</u>

The Company's equity investments at fair value consist of publicly traded shares, equity interest in non-traded companies and warrants held by the Company. As of *May 31, 2026* and *May 31, 2025*, included within equity investment under measurement alternative is an option to acquire a 68% membership interest in SH Acquisition for \$1.00 upon U.S. federal cannabis legalization valued at \$4,364 and \$8,160 respectively. See Note 28 (Financial risk management and financial instruments).

For the fiscal year ended *May 31, 2026*, the Company acquired \$3,595 equity investments measured at fair value, which were subsequently sold for proceeds of \$2,566 on the sale of investments, and recognized \$812 of losses due to the change in fair value. Additionally, the Company recognized \$3,796 of losses due to the change in fair value of equity investments under measurement alternative.

For the fiscal years ended *May 31, 2025* and *2024*, the Company recognized fair value changes of \$5,500 and \$217, respectively. See Note 28 (Financial risk management and financial instruments) for additional details.

12. Income taxes and deferred income taxes

Income (loss) before income taxes includes the following components:

	For the year ended May 31,		
	2026	2025	2024
United States	\$(115,357)	\$(1,648,187)	\$(126,735)
Canada	(17,409)	(277,811)	(106,822)
Other countries	44,706	(376,375)	(15,463)
	<u>\$ (88,060)</u>	<u>\$(2,302,373)</u>	<u>\$(249,020)</u>

The (recoveries) expense for income taxes consists of:

	For the year ended May 31, 2026
Current:	
Federal	\$ 164
State	1,302
Foreign	7,617
Total	<u>\$ 9,083</u>
Deferred:	
Federal	\$(10,552)
State	1,572
Foreign	16,995
Total	<u>\$ 8,015</u>
Income tax expense, net	<u>\$ 17,098</u>

The (recoveries) expense for income taxes for the comparative periods are as follows:

	For the year ended May 31,	
	2025	2024
Current:		
United States	\$ 1,974	\$ 497
Canada	177	10,819
Other countries	2,343	940
	<u>\$ 4,494</u>	<u>\$ 12,256</u>
Deferred:		
United States	\$ (10,015)	\$ (723)
Canada	(7,435)	(33,422)
Other countries	(108,061)	(4,727)
	<u>\$(125,511)</u>	<u>\$(38,872)</u>
Income tax benefits, net	<u>\$(121,017)</u>	<u>\$(26,616)</u>

A reconciliation of income taxes at the statutory rate with the reported taxes under ASU No. 2023-09, Improvements to Income Tax Disclosures, is as follows:

	For the year ended May 31, 2026	
	Amount	Percent
Expected Income Tax Expense at the Federal Statutory Rate of 21%	<u>\$(18,492)</u>	<u>21.0%</u>
Domestic		
Imputed Interest	6,314	(7.2)%
Pre-tax book income (loss) from DRE's	6,229	(7.1)%
Section 162(m)	2,862	(3.3)%
Return-to-provision and other prior period adjustments ⁽²⁾	28,318	(32.2)%
Changes in valuation allowances	(23,772)	27.0%
Other	(1,578)	1.8%
State and Local Income Taxes, Net of Federal Income Tax Effect ⁽¹⁾	2,875	(3.3)%
Foreign Tax Effects		
Canada		
Tax rate differential	1,893	(2.1)%
Non-taxable portion of investment gains	(3,053)	3.5%
Foreign exchange on subsidiaries	(3,005)	3.4%
Return-to-provision and other prior period adjustments	(1,593)	1.8%
Changes in valuation allowances ⁽³⁾	20,187	(22.9)%
Other	394	(0.4)%
Germany		
Tax rate differential	1,572	(1.8)%
Return-to-provision adjustments	(2,076)	2.4%
Changes in valuation allowances	(103)	0.1%
Other	2	(0.0)%
Portugal		
Tax rate differential	(196)	0.2%
Other	371	(0.4)%
Other Foreign Jurisdictions	<u>(51)</u>	<u>0.1%</u>
Effective Tax Rate	<u>\$ 17,098</u>	<u>(92.5)%</u>

(1) New York (including New York City) contributed more than 50% to State and Local Income Taxes, Net of Federal Income Tax Effect.

(2) United States return-to-provision relates primarily to prior-year impairment of intangible assets. The United States deferred taxes are fully covered by valuation allowance, therefore no net impact to the financial statements.

(3) Increase in Canadian valuation allowance relates primarily to current period activity.

Reconciliations of income taxes at the statutory rate with the reported taxes for the comparative periods are as follows:

	For the year ended May 31,	
	2025	2024
Loss before net income taxes:	<u><u>\$(2,302,373)</u></u>	<u><u>\$(249,020)</u></u>
Income tax recovery at statutory rate of 21%	(483,708)	(51,325)
Tax impact of foreign operations	(41,680)	(5,661)
Foreign exchange and other	(14,371)	(15,586)
Non-deductible expenses	6,292	6,147
Non-deductible (taxable) losses	32	(682)
Changes in enacted rates	(3,908)	2,394
Non-deductible Impairment	285,582	—
Change in fair value of warrant liability	(454)	302
Return to provision and other prior year items	(33,098)	16,933
State Provision, net of federal benefit	(14,794)	612
Change in valuation allowance	<u>179,090</u>	<u>20,250</u>
Income tax recovery, net	<u><u>\$ (121,017)</u></u>	<u><u>\$ (26,616)</u></u>

Cash paid for income taxes, net of refunds, was as follows:

	<u>For the year ended May 31, 2026</u>
United States	
Federal	\$ 397
State	
New York	803
Colorado	13
Illinois	14
Massachusetts	12
North Carolina	25
New Jersey	17
Oregon	35
South Carolina	21
Tennessee	29
Other State	<u>53</u>
	1,419
Foreign	
Canada	
Federal	(529)
British Columbia	(468)
Ontario	38
Germany	<u>(225)</u>
	<u>(1,184)</u>
Grand Total	<u><u>\$ 235</u></u>

The following table summarizes the components of deferred tax:

	<u>For the year ended May 31,</u>	
	<u>2026</u>	<u>2025</u>
Deferred assets		
Operating loss carryforwards - United States	\$ 73,188	\$ 66,048
Operating loss carryforwards - Canada	437,272	408,718
Operating loss carryforwards - Other Countries	16,196	13,388
Capital loss carryforwards	57,869	35,603
Intangible assets	304,067	350,527
Property and equipment	30,793	27,567
Investments and convertible notes receivable	44,361	43,317
Investment tax credits and related pool balance	1,996	2,249
Accruals	12,199	20,932
Stock Compensation	26,596	21,599
Restricted interest carried forward	3,938	—
Other Deferred Items	<u>16,924</u>	<u>21,319</u>
Total Deferred tax assets	1,025,399	1,011,267
Less valuation allowance	<u>(997,361)</u>	<u>(968,929)</u>
Net deferred tax assets	28,038	42,338
Deferred tax liabilities		
Property and equipment	(28,800)	(20,419)
Intangible assets	(8,263)	(1,418)
Convertible Debentures Payable	(3)	(129)
Other Deferred Items	<u>(3,228)</u>	<u>(24,120)</u>
Total deferred tax liabilities	<u>(40,294)</u>	<u>(46,086)</u>
Total Deferred Tax Asset/(Liability)	<u><u>\$ (12,256)</u></u>	<u><u>\$ (3,748)</u></u>

The Tax Cuts and Jobs Act (TCJA) was enacted on *December 22, 2017* and reduced the U.S. statutory federal corporate tax rate from 35% to 21% and introduced several new international tax provisions, including the tax on Global Intangible Low-Taxed Income (“GILTI”). The Company has made a policy decision to record GILTI tax as a current-period expense when incurred.

On *July 4, 2025*, the One Big Beautiful Bill Act (“OBBBA”) was enacted, which extended and modified certain provisions of the TCJA, including bonus depreciation and interest expense limitations. OBBBA does *not* have a material impact to the Financial Statements.

As of *May 31, 2026*, the Company had generated net operating loss carry-forwards in the United States of \$347,553, which can be carried forward indefinitely and are generally limited in use annually to 80% of the current year taxable income, starting *2021*. The Company has generated net operating loss carry-forwards in Canada of \$1,650,146, which can be carried forward for *20* years and begin to expire in *2028*. Management believes that it is more-likely-than-*not* that the benefit from certain United States and foreign net operating loss carry-forwards will *not* be realized. In recognition of this risk, the Company has provided a valuation allowance on the deferred tax assets relating to these carry-forwards. The net change in the total valuation allowance was an increase of \$28,432 and \$179,090 for the fiscal years ended *May 31, 2026* and *2025*, respectively. The total valuation allowance was increased \$37,627 by current period earnings and \$19,429 by effects of currency translation. The total valuation allowance was decreased by \$28,740 related to return-to-provision and other prior period adjustments. The largest component of prior period adjustments to valuation allowances was a decrease of \$29,602 in the United States, primarily related to the prior year impairment of intangible assets. These adjustments also reduced corresponding deferred tax assets and liabilities.

The Company recognizes the financial statement impact of a tax position only after determining that the relevant tax authority would more-likely-than-*not* sustain the position following an audit. For tax positions meeting the more-likely-than-*not* threshold, the amount recognized in the Financial Statements is the largest impact that has a greater than *fifty* percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

The total amount of gross unrecognized tax benefits (“GUTB”) was \$nil for periods *May 31, 2026, 2025* and *2024*, respectively. There is a reasonable possibility that the Company’s unrecognized tax benefits will change within *twelve* months due to audit settlements or the expiration of statute of limitations, but the Company does *not* expect the change to be material to Financial Statements.

The Company recognizes interest and, if applicable, penalties for any uncertain tax positions. Interest and penalties are recorded as a component of income tax expenses. In the fiscal years ended *May 31, 2026, 2025* and *2024*, the Company recorded \$nil, \$nil and \$nil, respectively, of interest and penalty expenses related to uncertain tax positions. As of *May 31, 2026*, and *2025*, the Company had a cumulative balance of accrued interest and penalties on unrecognized tax positions of \$nil and \$nil, respectively.

The Company and its subsidiaries are subject to United States federal income tax as well as the income tax of multiple state and foreign jurisdictions. Major jurisdictions where there are wholly owned subsidiaries of Tilray Brands, Inc. which require income tax filings include Canada, Portugal, Germany, and Australia. The earliest periods open for review by local taxing authorities are fiscal years *2022* for Canada, *2022* for Portugal, *2021* for Germany, *2022* for Australia, and *2023* for United States.

13. Bank indebtedness

Aphria Inc., a subsidiary of the Company, has an operating line of credit in the amount of C\$1,000, which bears interest at the lender’s prime rate plus 75 basis points. As of *May 31, 2026*, the Company has not drawn on the line of credit. The operating line of credit is secured by a security interest on certain real property located at 265 Talbot St. West, Leamington, Ontario.

CC Pharma GmbH, a subsidiary of the Company, has two operating lines of credit for €7,000 and €500 each, which bear interest at Euro Short-Term Rate (“ESTR”) plus 2.50% and Euro Interbank Offered Rate (“EURIBOR”) plus 4.00%, respectively. As of *May 31, 2026*, a total of €7,500 (\$8,775) was drawn down from the available credit of €7,500. The operating line of credit for €7,000 is secured by an interest in the inventory of CC Pharma GmbH as well as the Densborn facility and underlying real property. The operating line of credit for €500 is unsecured.

On *July 25, 2025*, the Company’s wholly-owned subsidiary, American Beverage Crafts Group Inc. (“ABC Group”), formerly known as Four Twenty Corporation, finalized its *fifth* amendment (the “Amendment”) to that certain Credit Agreement dated as of *June 30, 2023* (the “ABC Group Credit Agreement”) by and among the Borrower,

Bank of America, N.A., in its capacity as Administrative Agent, and certain other guarantors and lenders party thereto. Specifically, the Amendment amended and restated the ABC Group Credit Agreement to provide for the contribution of the Manitoba Harvest entities' equity to the Borrower as additional collateral. Additionally, the Amendment added financial covenants for (i) minimum consolidated trailing-twelve-months EBITDA for each of the *four* quarters, beginning *May 31, 2025* and (ii) minimum liquidity. ABC Group has a revolving credit facility of \$25,000, which bears interest at SOFR plus an applicable margin. As of *May 31, 2026*, the Company has drawn \$nil on the revolving line of credit under the ABC Group Credit Agreement. See Note 30 (Subsequent events) for disclosure of the sixth amendment to the Credit Agreement.

14. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprised of:

	May 31, 2026	May 31, 2025
Trade payables	\$114,538	\$107,348
Accrued liabilities	135,906	103,260
Litigation accrual	11,931	12,431
Accrued payroll and employment related taxes	20,013	1,436
Income taxes payable	12,667	58
Accrued interest	3,258	4,193
Sales taxes payable	19,775	6,596
Total	<u>\$318,088</u>	<u>\$235,322</u>

15. Long-term debt

The following table sets forth the net carrying amount of long-term debt instruments:

	May 31, 2026	May 31, 2025
Mortgage payable - C\$53,000 - Canadian prime plus an applicable margin, 3-year term, with a 10-year amortization, repayable in equal quarterly payments due in February 2028	\$ 34,310	\$ 38,690
Mortgage payable - C\$25,000 - Canadian prime plus 1.00%, compounded monthly, 5-year term, with a 15-year amortization, repayable in equal monthly installments of C\$181 including interest, due in July 2033	8,420	11,501
Mortgage payable - C\$25,000 - Canadian prime plus 1.00%, compounded monthly, 5-year term, with a 15-year amortization, repayable in equal monthly installments of C\$196 including interest, due in July 2033	10,356	9,354
Term loan - C\$1,250 - Canadian prime plus 1.50%, 5-year term, with a 10-year amortization, repayable in equal monthly installments of C\$12 including interest, due in August 2026	23	157
Mortgage payable - C\$3,750 - Canadian prime plus 1.50%, 5-year term, with a 20-year amortization, repayable in equal monthly installments of C\$23 including interest, due in August 2026	1,890	2,020
Term loan €3,500 at 4.59%, 5 year term, repayable in monthly installments of €52 plus interest, due in August 2028	1,822	2,546
Mortgage payable - \$22,635 - EURIBOR rate plus 1.5%, 10-year term, repayable in monthly installments of \$57 to \$69, due in October 2030	18,669	19,418
Term loan - \$90,000 - SOFR plus an applicable margin, 5-year term, repayable in quarterly installments of \$875 to \$2,250 due in June 2028	<u>63,688</u>	<u>80,438</u>
Carrying amount of long-term debt	139,178	164,124
Unamortized financing fees	<u>(593)</u>	<u>(864)</u>
Net carrying amount	138,585	163,260
Less principal portion included in current liabilities	<u>(18,160)</u>	<u>(14,767)</u>
Total noncurrent portion of long-term debt	<u>\$120,425</u>	<u>\$148,493</u>

The Company, entered into a secured credit agreement on *November 28, 2022*, for a credit facility through its 51% owned subsidiary Aphria Diamond Inc. (“Aphria Diamond”). The principal amount of loans outstanding is secured by the property at *620 Country Road 14*, Leamington, Ontario, which is owned by Aphria Diamond and a guarantee from Aphria Inc. During the fiscal year ended *May 31, 2025*, the Company refinanced this debt by entering into a new Credit Agreement. The Credit Agreement provides for a term loan equal to CAD \$53,000 with a maturity date of *February 21, 2028*. The Company used CAD \$48,171 of the proceeds from the Credit Agreement to repay in full all outstanding obligations under the prior credit facility.

The mortgage payable of C\$25,000 was entered into on *July 27, 2018* and is secured by the property at *223, 231, 239, 265, 269, 271* and *275 Talbot Street West*, Leamington Ontario, a *first* position on a general security agreement, and an assignment of fire insurance to the lender.

The term loan of C\$25,000 was entered into on *May 9, 2017* and is secured by the property at *265 Talbot Street West*, Leamington Ontario, a *first* position on a general security agreement, and an assignment of fire insurance to the lender.

The term loan of C\$1,250 and mortgage payable of C\$3,750 were entered into on *July 22, 2016* and are secured by the property at *265 Talbot Street West*, Leamington, Ontario and a *first* position on a general security agreement.

The Company entered into term loans in *June 2023* for €3,500 through wholly owned subsidiary CC Pharma. These term loans are secured against the distribution inventory held by CC Pharma and by the land where the facility is located and the building.

On *December 1, 2021*, the Company acquired all the membership interests in Cheese Grits, LLC, a Georgia limited liability company that owns the SweetWater Brewing Company brewery and taproom in Atlanta, Georgia, which facility was previously leased to the Company. Cheese Grits, LLC, was owned by certain former equity holders of SweetWater and current employees. As part of this purchase, the Company, through subsidiary Cheese Grits, LLC, acquired the mortgage payable which is secured against the Sweetwater brewery and taproom.

The term loan of \$90,000 was fully drawn on *September 29, 2023* to fund part of the purchase price for Craft Acquisition I. Under the terms of the ABC Group Secured Credit Agreement, the Company pledged all of ABC Group and the Wellness segment’s and its subsidiaries’ assets and the related equity interests, and Tilray Brands, Inc. provided a full guarantee of the borrowing obligations under the ABC Group Secured Credit Agreement, as well as requiring the lenders approval to transfer assets to Tilray Brands, Inc.

The Company maintains certain financial covenants or minimum balances in certain cash operating accounts, and as of *May 31, 2026*, the Company was in compliance with all the long-term debt covenants.

16. Convertible debentures payable

The following table sets forth the net carrying amount of the convertible debentures:

	May 31, 2026	May 31, 2025
5.20% Convertible Notes (“TLRY 27”)	\$79,529	\$86,428
Deduct - current portion.	—	—
Total convertible debentures payable, non current portion	<u>\$79,529</u>	<u>\$86,428</u>

TLRY 27

	May 31, 2026	May 31, 2025
5.20% Contractual debenture.	\$172,500	\$172,500
Debt settlement	(84,500)	(67,500)
Unamortized discount	<u>(8,471)</u>	<u>(18,572)</u>
Net carrying amount	<u>\$ 79,529</u>	<u>\$ 86,428</u>

The TLRY 27 convertible debentures were issued on *May 30, 2023* and on *June 9, 2023* by way of overallotment, in the principal amount of \$172,500 (the “TLRY 27 Notes”). The TLRY 27 Notes bear interest at a rate of

5.20% per annum, payable semi-annually in arrears on *June 15* and *December 15* of each year, and mature on *June 15, 2027*, unless earlier converted. The TLRY 27 Notes are Tilray's general unsecured obligations and rank senior in right of payment to all of Tilray's indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment with any of Tilray's unsecured indebtedness that is *not* so subordinated, effectively junior in right of payment to any of Tilray's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables but excluding intercompany obligations) of Tilray's current or future subsidiaries. Noteholders have the right to convert their TLRY 27 Notes into shares of Tilray's Common Stock at their option, at any time, until the close of business on the *second* scheduled trading day immediately before *June 15, 2027*. The initial conversion rate is approximately 37.66 shares per \$1,000 principal amount of TLRY 27 Notes, which represents a conversion price of approximately \$26.55 per share. The conversion rate and conversion price will be subject to adjustment upon the occurrence of certain events.

The TLRY 27 Notes are redeemable, in whole and *not* in part, at Tilray's option at any time on or after *June 20, 2025* at a cash redemption price equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, but only if the last reported sale price of Tilray's Common Stock exceeds 130% of the conversion price for a specified period of time. If certain corporate events that constitute a fundamental change occur, then, subject to a limited exception, noteholders *may* require Tilray to repurchase their TLRY 27 Notes for cash. The repurchase price will be equal to the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date. In connection with the Company's offering of the TLRY 27 Notes, the Company entered into a share lending agreement with an affiliate of Jefferies LLC (the "Share Borrower"), pursuant to which it lent to the Share Borrower 3,850,000 shares of the Company's Common Stock (the "Borrowed Shares"). The Borrowed Shares were newly-issued shares, will be held as treasury shares until the expiration or early termination of the share lending agreement and *may* be used by purchasers of the TLRY 27 Notes to sell up to 3,850,000 shares of the Company's Common Stock. The fair value of the share lending agreement has been recorded as part of the unamortized discount on the debenture. The Company expects that the selling stockholders will use their position created by such sales to establish their initial hedge with respect to their investments in the TLRY 27 Notes. The Company did *not* receive any proceeds from the sale of the Borrowed Shares.

During the fiscal year ended *May 31, 2026*, the Company exchanged an aggregate \$17,000 of its TLRY 27 Notes for cancellation, by issuing 3,138,878 shares of Common Stock and paying \$208 in cash to settle accrued interest. Upon exchanging the TLRY 27 Notes, a portion of the settlement consideration was allocated to the equity component of the instrument and was recognized as a \$4,394 reduction of additional paid-in capital in the Consolidated Statements of Stockholders' Equity. Additionally, this repurchase resulted in a gain of \$2,047 which was recorded in other non-operating (losses) gains, net as shown in Note 26 (Non-operating income (expense)). Following consummation of the exchange, the number of outstanding Borrowed Shares of Common Stock was reduced by 379,420 shares which were then returned as Treasury Stock. As of *May 31, 2026* and *May 31, 2025*, a total of 1,964,058 and 2,434,378 shares remained outstanding under the share lending arrangement, respectively. Current and prior year share amounts have been retrospectively adjusted to reflect the Reverse Stock Split, which became effective on *December 2, 2025*, see Note 2 (Basis of preparation).

During the fiscal year ended *May 31, 2026*, the Company recognized interest expense of \$5,138 and accretion of amortized discount interest of \$7,914. For the same periods in the prior year Company recognized interest expense of \$7,775 and accretion of amortized discount interest of \$10,863.

As of *May 31, 2026*, there was \$88,000 principal outstanding compared to \$105,000 principal outstanding as of *May 31, 2025* under the TLRY 27 Notes. See Note 30 (Subsequent events) for additional transactions after the period.

17. Warrant Liability

Between *September 5, 2025* and *September 15, 2025*, certain holders elected to exercise an aggregate of 620,900 of the Company's issued and outstanding warrants in accordance with their terms. Pursuant to the exercise of such warrants, Tilray received \$2,367 of cash consideration and issued 620,900 shares of common stock to such holders. As of *May 31, 2026* and *May 31, 2025*, there were nil and 620,900 warrants outstanding, respectively. Current and prior year share amounts have been retrospectively adjusted to reflect the Reverse Stock Split, which became effective on *December 2, 2025*, See Note 2 (Basis of presentation).

18. Stockholders' equity

Issued and outstanding

Pursuant to its Fifth Amended and Restated Certificate of Incorporation, the total number of shares that the Company is authorized to issue is 1,426,000,000 shares, of which 1,416,000,000 shares are Common Stock (the "Common Stock"), and 10,000,000 shares of which are Preferred Stock (the "Preferred Stock"). As of *May 31, 2026*, the Company had issued and outstanding 131,683,075 shares of Common Stock, 589,217 shares of Treasury Stock (the "Treasury Stock") and no Preferred Stock. Historically, the Company has issued shares of its Common Stock in consideration for acquisitions and other strategic transactions, settlement of convertible notes, settlement of litigation claims, in connection with public offerings and as payment of dividends to non-controlling interests for profit distributions.

During the fiscal year ended *May 31, 2026*, the Company issued the following shares:

- a) 19,625,505 shares of Common Stock were issued pursuant to its At-the-Market ("ATM") program, which generated gross proceeds of \$161,636 and net proceeds of \$157,974, after deducting \$3,662 in commissions and other fees associated with these issuances.
- b) 3,138,878 shares of Common Stock were issued in the amount of \$17,157 to exchange the aggregate principal of \$17,000 of its TLRY 27 Notes for cancellation. Upon exchanging the TLRY 27 Notes, a portion of the settlement consideration was allocated to the equity component of the instrument and was recognized as a \$4,394 reduction of additional paid-in capital. Following consummation of the exchange, the number of outstanding Borrowed Shares of Common Stock was reduced by 379,420 shares which were then returned as Treasury Stock, see Note 16 (Convertible debentures).
- c) 861,707 shares of Common Stock to settle dividends payable to the non-controlling shareholders of Aphria Diamond in the amount of \$14,821.
- d) 620,900 shares of Common Stock were issued to settle exercised warrants.
- e) 20,652 shares of Common Stock were cancelled pursuant to the treatment of fractional shares in connection with the Reverse Stock Split.
- f) 398,666 shares of Common Stock were issued for Lyphe acquisition, see Note 9 (Business Acquisition).
- g) 990,196 shares of Common Stock were issued in connection with the exercise of previously awarded stock-based compensation awards, net of cancellations.

In aggregate, during the year ended *May 31, 2026*, 379,420 shares were returned in connection with the share lending agreement related to the TLRY 27 Notes which were recorded as Treasury stock.

All current and prior year share amounts have been retrospectively adjusted to reflect the Reverse Stock Split, which became effective on *December 2, 2025*, see Note 2 (Basis of preparation).

Stock-based compensation

The Company maintains stock-based compensation plans as disclosed in our Annual Financial Statements. For the fiscal year ended *May 31, 2026*, the total stock-based compensation was \$45,940. For the fiscal years ended *May 31, 2025* and *May 31, 2024*, the total stock-based compensation was \$24,289 and \$31,769, respectively.

During the fiscal year-ended *May 31, 2026*, the Company granted 4,562,669 time-based RSUs, and nil performance-based RSUs. For the fiscal year ended *May 31, 2025*, the Company granted 1,350,513 time-based RSUs and nil performance-based RSUs.

During the fiscal year ended *May 31, 2024*, the Company issued (i) 756,615 performance-based restricted stock units (the "Performance-Based RSUs") and (ii) additional performance-based awards payable in cash or, at the discretion of the Company's Compensation Committee, in shares of the Company's common stock (the "Performance-Based Elective Settlement Award," and together with the Performance-Based RSUs, the "Performance-Based Awards"). The Performance-Based Awards were *not* considered granted for accounting purposes at the time of issuance because the applicable performance conditions had *not* yet been established or approved. Accordingly, *no* compensation

expense was recognized within the Consolidated Statements of Loss at that time. During the period from issuance through the fiscal year-ended *May 31, 2026*, the number of outstanding Performance-Based RSUs was reduced from 756,615 to 744,117 as a result of employee attrition, and the Performance-Based Elective Settlement Awards were also correspondingly reduced.

In *September 2025*, the Company established and approved the relevant performance conditions for the Performance-Based Awards and, as a result, the awards were considered granted for accounting purposes. Beginning in the quarter ended *November 30, 2025*, the Company commenced recognition of stock-based compensation expense based on the grant-date fair value of the Performance-Based Awards, which is being recognized over the remaining requisite service period. The Company currently expects the Performance-Based Elective Settlement Award to be settled in shares of common stock. Moreover, because the Performance-Based Elective Settlement Award has a fixed monetary value and is settleable in a variable number of shares, it is classified as a liability within the statement of Financial Position. The Performance-Based RSUs are classified as equity awards and are reflected within stockholders' equity.

The Company operates multiple stock-based award plans as follows:

Tilray 2018 Equity Incentive Plan and Original Plan

The 2018 Equity Incentive Plan (EIP) authorizes the award of stock options, restricted stock units ("RSUs") and stock appreciation rights ("SARs") to employees, including officers, non-employee directors and consultants and the employees and consultants of our affiliates. Shares subject to awards granted under the EIP that expire or terminate without being exercised in full, or that are paid out in cash rather than in shares, do *not* reduce the number of shares available for issuance under the EIP. Additionally, shares become available for future grant under the EIP if they were issued under the EIP and if the Company repurchases them or they are forfeited. This includes shares used to pay the exercise price of an award or to satisfy the tax withholding obligations related to an award. The maximum number of shares of common stock subject to stock awards granted under the EIP or otherwise during any *one* calendar year to any non-employee director, taken together with any cash fees paid by the Company to such non-employee director during such calendar year for service on the Board of Directors, will *not* exceed five hundred thousand dollars in total value, calculating the value of any such stock awards based on the grant date fair value of such stock awards for financial reporting purposes, or, with respect to the calendar year in which a nonemployee director is *first* appointed or elected to our Board of Directors, one million dollars.

Stock options represent the right to purchase shares of our common stock on the date of exercise at a stated exercise price. The exercise price of a stock option generally must be at least equal to the fair market value of our shares of common stock on the date of grant. The Company's compensation committee *may* provide for stock options to be exercised only as they vest or to be immediately exercisable with any shares issued on exercise being subject to the Company's right of repurchase that lapses as the shares vest. The maximum term of stock options granted under the EIP is *ten* years.

RSUs represent a right to receive common stock or their cash equivalent for each RSU that vests, which vesting *may* be based on time or achievement of performance conditions. Unless otherwise determined by our compensation committee at the time of grant, vesting will cease on the date the participant *no* longer provides services to the Company and unvested shares will be forfeited. If an RSU has *not* been forfeited, then on the date specified in the RSUs, the Company will deliver to the holder a number of whole shares of common stock, cash or a combination of shares of our common stock and cash. Additionally, dividend equivalents *may* be credited in respect of shares covered by the RSUs. Any additional shares covered by the RSU credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying RSU agreement to which they relate. The RSUs generally vest over a 3-or-4 year period. The fair value of RSUs are based on the share price as at date of grant.

SARs provide for a payment, or payments, in cash or shares of common stock to the holder based upon the difference between the fair market value of shares of our common stock on the date of exercise and the stated exercise price. The maximum term of SARs granted under the EIP is ten years. No SARs were issued to date.

The EIP permits the grant of performance-based stock and cash awards. The performance goals *may* be based on Company-wide performance or performance of *one* or more business units, divisions, affiliates or business segments and *may* be either absolute or relative to the performance of *one* or more comparable companies or the performance of *one* or more relevant indices. The length of any performance period, the performance goals to be achieved during the performance period, and the measure of whether and to what degree such performance goals have been attained will be conclusively determined by the Board of Directors.

In conjunction with the reverse acquisition with Aphria Inc on *April 30, 2021*, 980,685 shares of common stock had been reserved for issuance under the EIP. The number of shares of common stock reserved for issuance under the *2018* EIP will automatically increase on *January 1* of each calendar year, for a period of *not* more than *ten* years, starting on *January 1, 2019* and ending on and including *January 1, 2027*, in an amount equal to 4% of the total number of shares of our common stock outstanding on *December 31* of the prior calendar year, or a lesser number of shares determined by our Board of Directors. The shares reserved include only the outstanding shares related to stock options and RSUs and excludes stock options outstanding under the Original Plan.

Certain employees and other service providers of the Company participate in the equity-based compensation plan of Privateer Holdings, Inc (the “Original Plan”) under the terms and valuation method detailed below. The expected life of the stock options represented the period of time stock options were expected to be outstanding and was estimated considering vesting terms and employees’ historical exercise and post-vesting employment termination behavior. Expected volatility was based on historical volatilities of public companies operating in a similar industry to Privateer Holdings. The risk-free rate is based on the United States Treasury yield curve in effect at the time of grant. The expected dividend yield was determined based on the stock option’s exercise price and expected annual dividend rate at the time of grant.

No stock options were granted under the EIP during the fiscal years ended *May 31, 2026* and *2025*.

Stock-based activity under the EIP and Original Plan for the fiscal year ended *May 31, 2026* is as follows:

EIP Time-based stock option activity

	<u>Stock Options</u>	<u>Weighted- average exercise price</u>	<u>Weighted- average remaining contractual term (years)</u>	<u>Aggregate intrinsic value</u>
Balance, May 31, 2025.....	278,603	\$145.54	3.0	\$—
Granted.....	—	—	—	—
Exercised.....	—	—	—	—
Forfeited.....	—	—	—	—
Cancelled.....	—	—	—	—
Balance, May 31, 2026.....	<u>278,603</u>	<u>\$145.54</u>	<u>2.0</u>	<u>\$—</u>

Original plan time-based stock option activity

	<u>Stock Options</u>	<u>Weighted- average exercise price</u>	<u>Weighted- average remaining contractual term (years)</u>	<u>Aggregate intrinsic value</u>
Balance, May 31, 2025.....	1,296	\$47.66	2.6	\$—
Exercised.....	—	—	—	—
Forfeited.....	—	—	—	—
Cancelled.....	—	—	—	—
Balance, May 31, 2026.....	<u>1,296</u>	<u>\$47.66</u>	<u>1.6</u>	<u>\$—</u>

Time-based and Performance-based RSU activity

	<u>Time-based RSUs</u>	<u>Weighted- average grant-date fair value per share</u>	<u>Weighted- average remaining contractual term (years)</u>	<u>Aggregate intrinsic value</u>
Balance, May 31, 2025.....	2,770,571	\$ 26.05	2.9	\$11,794
Granted.....	4,562,669	5.94	—	28,214
Vested.....	(1,249,757)	20.84	—	(6,886)
Forfeited.....	(192,922)	10.73	—	(1,133)
Cancelled.....	<u>(82,241)</u>	<u>115.15</u>	<u>—</u>	<u>(55)</u>
Balance, May 31, 2026.....	<u>5,808,320</u>	<u>\$ 10.62</u>	<u>0.9</u>	<u>\$31,934</u>

Predecessor Plan - Aphria

Aphria had established the Aphria Omnibus Incentive Plan (the “Aphria Predecessor Plan”). Following stockholder approval of the EIP, *no* new awards have been granted under the Aphria Predecessor Plan. In connection with the reverse acquisition Aphria stock options, Aphria RSUs and DSUs issued under the Predecessor Plan were exchanged for options, RSUs under the EIP. As a result of the modification, all grantees were affected, and the Company recognized *nil* incremental compensation cost.

No stock options were granted under the Aphria Predecessor Plan during the fiscal years ended *May 31, 2026* and *2025*. As of *May 31, 2026*, there were 4,523 awards outstanding and which are vested and exercisable.

Stock option, RSU and DSU activity for the Company under the Predecessor Plan is as follows:

Time-based stock option activity

	Number of options	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contractual term (years)	Aggregate Intrinsic Amount
Outstanding, beginning of the year	4,523	\$91.20	\$—	2.53	\$—
Exercised during the year	—	—	—	—	—
Granted during the year	—	—	—	—	—
Forfeited during the year	—	—	—	—	—
Expired during the year	—	—	—	—	—
Outstanding, end of the year	<u>4,523</u>	<u>\$91.20</u>	<u>\$—</u>	<u>1.53</u>	<u>\$—</u>
Vested and exercisable, end of the year	<u>4,523</u>	<u>\$91.20</u>	<u>\$—</u>	<u>1.53</u>	<u>\$—</u>

Time-based and Performance-based DSU activity

	May 31, 2026	
	Time-based DSUs	Weighted average grant - date fair value per share
Non-vested, beginning of the year	21,092	\$160.32
Granted during the year	—	—
Vested during the year	—	—
Forfeited during the year	—	—
Non-vested, end of the year	<u>21,092</u>	<u>\$160.32</u>

Predecessor Plan - HEXO

Prior to the acquisition of HEXO Corp, HEXO had established the Formal Plan and Omnibus Incentive Plan (the “HEXO Predecessor Plan”). In connection with the acquisition, HEXO stock options issued under these plans were exchanged at a rate of 4.352 for 126,779 options under the Tilray 2018 EIP. As a result of the modification, all grantees were affected, and the Company recognized nil incremental compensation cost. Following stockholder approval of the EIP, *no* new awards have been granted under the Predecessor Plan. As of *May 31, 2026*, 18,717 awards are outstanding and 18,717 are vested and exercisable.

	May 31, 2026				
	Number of options	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contractual term (years)	Aggregate Intrinsic Amount
Outstanding, beginning of the year	18,717	\$2,345.31	\$—	5.84	\$—
Exercised during the year	—	—	—	—	—
Converted upon acquisition	—	—	—	—	—
Forfeited during the year	—	—	—	—	—
Expired during the year	—	—	—	—	—
Outstanding, end of the year	<u>18,717</u>	<u>\$2,345.31</u>	<u>\$—</u>	<u>4.81</u>	<u>\$—</u>
Vested and exercisable, end of the year	<u>18,717</u>	<u>\$2,345.31</u>	<u>\$—</u>	<u>4.81</u>	<u>\$—</u>

All current and prior year share amounts have been retrospectively adjusted to reflect the Reverse Stock Split, which became effective on *December 2, 2025*.

19. Accumulated other comprehensive loss

Accumulated other comprehensive loss includes the following components:

	Foreign currency translation gain (loss)
Balance May 31, 2023	\$(46,610)
Other comprehensive income (loss)	<u>3,111</u>
Balance May 31, 2024	<u>\$(43,499)</u>
Other comprehensive income (loss)	<u>436</u>
Balance May 31, 2025	<u>\$(43,063)</u>
Other comprehensive income (loss)	<u>(1,170)</u>
Balance May 31, 2026	<u>\$(44,233)</u>

20. Non-controlling interests

The following are majority-owned subsidiaries of the Company and the percentage of ownership interest maintained by the Company is set forth in the parenthetical: Enroot (75%), Aphria Diamond (51%), and Colcanna S.A.S. (90%).

Summarized balance sheet information of the entities in which there is a non-controlling interest as of *May 31, 2026*:

	Enroot	Aphria Diamond	ColCanna S.A.S.	May 31, 2026
Current assets	\$201	\$ 110,664	\$ 1	\$ 110,866
Non-current assets	—	105,278	3,756	109,034
Current liabilities	(4)	(129,883)	(7,147)	(137,034)
Non-current liabilities	—	(38,231)	(1,440)	(39,671)
Net assets	<u>\$197</u>	<u>\$ 47,828</u>	<u>\$(4,830)</u>	<u>\$ 43,195</u>

Summarized balance sheet information of the entities in which there is a non-controlling interest as of *May 31, 2025*:

	<u>SH Acquisition</u>	<u>CC Pharma Nordic ApS</u>	<u>Aphria Diamond</u>	<u>ColCanna S.A.S.</u>	<u>May 31, 2025</u>
Current assets	\$—	\$—	\$ 83,390	\$ 20	\$ 83,410
Non-current assets	—	—	114,677	3,348	118,025
Current liabilities	—	—	(126,986)	(6,953)	(133,939)
Non-current liabilities	—	—	(31,720)	(1,442)	(33,162)
Net assets	<u>\$—</u>	<u>\$—</u>	<u>\$ 39,361</u>	<u>\$(5,027)</u>	<u>\$ 34,334</u>

On *January 7, 2025*, the Company dissolved its 75% ownership interest in CC Pharma Nordic ApS., and as a result, the Company *no* longer controls CC Pharma Nordic ApS. and thus *no* longer consolidates this entity.

On *January 16, 2025*, MedMen exited receivership and substantially all of its remaining assets were transferred to a new entity owned by MedMen's secured creditors, including SH Acquisition. In connection with this restructuring, the Company disposed of its MedMen Convertible Note in exchange for an option to acquire a 68% membership interest in SH Acquisition for \$1.00 upon U.S. federal cannabis legalization. As a result, the Company *no* longer controls SH Acquisition and thus *no* longer consolidates this entity.

Summarized income statement information of the entities in which there is a non-controlling interest for the fiscal year ended *May 31, 2026*:

	<u>Enroot</u>	<u>Aphria Diamond</u>	<u>ColCanna S.A.S.</u>	<u>May 31, 2026</u>
Revenue	\$ 29	\$81,477	\$ —	\$81,506
Total expenses	39	48,459	(622)	47,876
Net (loss) income	(10)	33,018	622	33,630
Other comprehensive (loss) income	—	2,899	(425)	2,474
Net comprehensive (loss) income	<u>\$(10)</u>	<u>\$35,917</u>	<u>\$ 197</u>	<u>\$36,104</u>
Non-controlling interest %	25%	49%	10%	NA
Comprehensive (loss) income attributable to NCI	(3)	17,599	20	17,616
Additional income attributable to NCI	—	—	—	—
Net comprehensive (loss) income attributable to NCI	<u>\$ (3)</u>	<u>\$17,599</u>	<u>\$ 20</u>	<u>\$17,616</u>

Summarized income statement information of the entities in which there is a non-controlling interest for the fiscal year ended *May 31, 2025*:

	<u>SH Acquisition</u>	<u>CC Pharma Nordic ApS</u>	<u>Aphria Diamond</u>	<u>ColCanna S.A.S.</u>	<u>May 31, 2025</u>
Revenue	\$ —	\$ —	\$78,414	\$ —	\$78,414
Total expenses	20,000	11	54,274	290	74,575
Net (loss) income	(20,000)	(11)	24,140	(290)	3,839
Other comprehensive (loss) income	—	8	(45)	(12)	(49)
Net comprehensive (loss) income	<u>\$(20,000)</u>	<u>\$ (3)</u>	<u>\$24,095</u>	<u>\$(302)</u>	<u>\$ 3,790</u>
Non-controlling interest %	32%	25%	49%	10%	NA
Comprehensive (loss) income attributable to NCI	(6,400)	(1)	11,807	(30)	5,376
Additional income attributable to NCI	—	—	—	—	—
Net comprehensive (loss) income attributable to NCI	<u>\$ (6,400)</u>	<u>\$ (1)</u>	<u>\$11,807</u>	<u>\$ (30)</u>	<u>\$ 5,376</u>

Summarized income statement information of the entities in which there is a non-controlling interest for the fiscal year ended *May 31, 2024*:

	SH Acquisition	CC Pharma Nordic ApS	Aphria Diamond	ColCanna S.A.S.	May 31, 2024
Revenue	\$ —	\$ —	\$103,331	\$ —	\$103,331
Total expenses	42,681	(1,064)	40,935	(203)	82,349
Net (loss) income	(42,681)	1,064	62,396	203	20,982
Other comprehensive (loss) income	—	(9)	171	(334)	(172)
Net comprehensive (loss) income	<u>\$(42,681)</u>	<u>\$ 1,055</u>	<u>\$ 62,567</u>	<u>\$(131)</u>	<u>\$ 20,810</u>
Non-controlling interest %	32%	25%	49%	10%	NA
Comprehensive (loss) income attributable to NCI	(13,658)	264	30,658	(13)	17,251
Additional income attributable to NCI	—	—	5,336	—	5,336
Net comprehensive (loss) income attributable to NCI	<u>\$(13,658)</u>	<u>\$ 264</u>	<u>\$ 35,994</u>	<u>\$ (13)</u>	<u>\$ 22,587</u>

21. Net revenue

Net revenue is comprised of:

	For the year ended May 31,		
	2026	2025	2024
Beverage revenue	\$265,457	\$253,181	\$213,614
Beverage excise taxes	(11,481)	(12,586)	(11,520)
Net beverage revenue	253,976	240,595	202,094
Cannabis revenue	352,306	330,609	370,692
Cannabis excise taxes	(83,964)	(81,608)	(97,894)
Net cannabis revenue	268,342	249,001	272,798
Distribution revenue	327,244	271,228	258,740
Wellness revenue	65,892	60,485	55,310
Total	<u>\$915,454</u>	<u>\$821,309</u>	<u>\$788,942</u>

Included in revenue from Canadian adult-use cannabis is \$nil of advisory services revenue for the fiscal year ended *May 31, 2026*, compared to \$1,460 and \$1,500 of advisory services for the fiscal year ended *May 31, 2025* and *May 31, 2024*, respectively.

22. Cost of goods sold

Cost of goods sold is comprised of:

	For the year ended May 31,		
	2026	2025	2024
Beverage costs	\$162,743	\$147,591	\$113,522
Cannabis costs	161,256	150,005	182,594
Distribution costs	286,589	241,896	230,596
Wellness costs	44,425	41,247	38,879
Total	<u>\$655,013</u>	<u>\$580,739</u>	<u>\$565,591</u>

23. General and administrative expenses

General and administrative expenses are comprised of the following items:

	For the year ended May 31,		
	2026	2025	2024
Salaries and wages	\$ 91,448	\$ 88,015	\$ 83,673
Office and general.	42,171	28,314	28,460
Stock-based compensation	45,940	24,289	31,769
Insurance.	9,792	11,843	12,586
Professional fees.	4,238	4,765	5,345
(Gain) loss on sale of capital assets	(509)	928	(4,198)
Travel and accommodation.	5,569	5,717	5,138
Rent.	4,980	3,453	4,585
Total	<u>\$203,629</u>	<u>\$167,324</u>	<u>\$167,358</u>

Included in (Gain) loss on sale of capital assets for the fiscal year ended *May 31, 2025*, was a loss of \$1,787 related to the sale of the Avanti facility, which was closed as part of our restructuring efforts during the fiscal year ended *May 31, 2025*.

24. Restructuring

In connection with the execution of our acquisition strategy and strategic transactions, the Company has incurred restructuring and exit costs associated with the integration efforts of these transactions. In connection with these efforts, the Company incurred \$13,113, \$34,283 and \$15,581 of restructuring costs for the fiscal years ended *May 31, 2026*, *2025* and *2024*, respectively. All restructuring plans are approved at the executive level, and their associated expenses are recognized in the period in which the plan is committed.

Within the Cannabis segment, during the fiscal year ended *May 31, 2026*, the Company incurred restructuring expenses totaling \$6,258. These charges included \$4,573 associated with the restructuring of the Quebec facility to transition from vegetable cultivation to cannabis cultivation in response to increased global cannabis demand, \$1,093 related to employee termination severance and benefits associated with the reorganization of the Canadian cannabis commercial function, and \$221 related to the wind-down of certain non-operating entities. Additionally, the Company recognized \$371 related to its Fort Collins, CO partially vacant warehouse that was previously held for sale and was divested during the fiscal year ended *May 31, 2026*. See Note 6 (capital assets).

Within the Beverage segment, restructuring activities primarily related to Project 420, a business optimization plan designed to consolidate production, streamline operations, and improve the Company's cost structure. Activities under the plan included the closure and consolidation of certain brewery and related facilities, including Redhook, Terrapin, Atwater, Hop Valley, and Revolver, as well as costs incurred by the restructuring team established to execute the plan. Restructuring charges primarily consisted of employee termination benefits, facility closure and exit costs, contract and other termination costs, costs associated with SKU rationalization activities, and other costs directly associated with the execution of the plan. During the fiscal year ended *May 31, 2025*, the Company accrued \$8,500 of restructuring charges related to these initiatives. During the fiscal year ended *May 31, 2026*, the related accrual was fully utilized. In addition, during the fiscal year ended *May 31, 2026*, the Company incurred \$6,771 of additional restructuring related expenses associated with these efforts, including costs related to facility closures, production consolidation, and other activities under Project 420. The Company expects these initiatives to be substantially completed by the end of fiscal 2027.

25. Interest expense, net

Interest expense, net is comprised of:

	For the year ended May 31,		
	2026	2025	2024
Interest income	\$ 6,249	\$ 11,379	\$ 12,831
Interest expense	(29,912)	(41,331)	(49,264)
Total.	<u>\$(23,663)</u>	<u>\$(29,952)</u>	<u>\$(36,433)</u>

26. Non-operating (expense) income

Non-operating (expense) income is comprised of:

	For the year ended May 31,		
	2026	2025	2024
Change in fair value of convertible debenture payable	\$ —	\$ —	\$(19,736)
Change in fair value of warrant liability	(3,495)	2,161	(1,436)
Foreign exchange gain (loss)	6,592	9,639	(4,086)
(Loss) gain on long-term investments	(4,533)	(5,550)	(217)
Unrealized loss on digital assets	(326)	—	—
Other non-operating (losses) gains, net	392	4,034	(12,367)
Total	<u>\$(1,370)</u>	<u>\$10,284</u>	<u>\$(37,842)</u>

Included in other non-operating (losses) gains, net for the fiscal year ended *May 31, 2026*, was a loss of \$1,800 on the change in fair value of assets held for sale related to the Fort Collins, CO partially vacant warehouse, as described in Note 6 (capital assets), offset by a gain of \$2,047 resulting from the exchange transaction of the TLRY 27 Note, as described in Note 16 (Convertible debentures payable).

Included in other non-operating (losses) gains, net for the fiscal year ended *May 31, 2025*, were gains of \$4,034 which were mainly comprised of a \$5,792 gain resulting from the exchange transaction of the TLRY 27 Note, offset by a \$975 loss resulting from the downside protection from the Double Diamond Holdings dividend settlement.

27. Commitments and contingencies

Purchase and other commitments

The Company has payments on long-term debt (refer to Note 15 Long-term debt), convertible notes (refer to Note 16 Convertible Debentures), material purchase commitments and construction commitments as follows:

	Total	2027	2028	2029	2030	Thereafter
Long-term debt repayment	\$139,178	18,160	41,708	49,833	3,677	25,800
Convertible debentures payable	88,000	—	88,000	—	—	—
Material purchase obligations	59,562	48,256	9,568	551	579	608
Construction commitments	663	663	—	—	—	—
Total	<u>\$287,403</u>	<u>\$67,079</u>	<u>\$139,276</u>	<u>\$50,384</u>	<u>\$4,256</u>	<u>\$26,408</u>

Legal proceedings

In the ordinary course of business, we are at times subject to various legal proceedings and disputes, including the proceedings specifically discussed below. We assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our consolidated financial statements. These legal reserves *may* be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is *not* probable or the amount of loss is *not* estimable, we do *not* accrue legal reserves. While the outcome of legal proceedings is inherently uncertain, based on information currently available and available insurance coverage, our management believes that it has established appropriate legal reserves. Any incremental liabilities arising from pending legal proceedings are *not* expected to have a material adverse effect on our consolidated financial position, consolidated results of operations, or consolidated cash flows. However, it is possible that the ultimate resolution of these matters, if unfavorable, *may* be material to our consolidated financial position, consolidated results of operations, or consolidated cash flows.

Class Action Suits and Stockholder Derivative Suits

Aphria Inc. Securities Litigation (New York, United States)

On *December 5, 2018*, a putative securities class action was commenced in SDNY against Aphria and certain current and former officers and directors. The action claims that the defendants misrepresented the value of *three* cannabis-producing properties Aphria acquired in Jamaica, Colombia, and Argentina (the “LATAM Assets”). On

December 3, 2018, two notorious short-sellers issued a report about the acquisitions, claiming the LATAM Assets were non-functional or non-existent, which allegedly caused Aphria's stock price to fall. On April 15, 2019, Aphria took impairment charges on the LATAM Assets, which also allegedly caused Aphria's stock price to decline. The putative class action claims that Aphria artificially inflated the price of its publicly-traded stock by making false statements about the LATAM Assets, and, when the purported truth was revealed by a short-seller report and write-down, the stock price declined, harming investors.

On September 30, 2020, the Court denied the motion to dismiss the complaint as to Aphria, Vic Neufeld, and Carl Merton, and granted the motion as to Cole Cacciavillani, John Cervini, Andrew DeFrancesco, and SOL Global Investments. On October 1, 2020, Plaintiffs moved for reconsideration of the order dismissing DeFrancesco and SOL or, in the alternative, to amend their complaint. On October 14, 2020, Aphria, Neufeld, and Merton moved for reconsideration of the order denying their motion to dismiss. On September 28, 2021, the Court denied all motions for reconsideration and provided Plaintiffs with the opportunity to amend their complaint. Plaintiffs did *not* amend, and so the dismissals of Cacciavillani, Cervini, DeFrancesco, and SOL Investments became dismissals with prejudice.

On January 28, 2022, Plaintiffs moved for class certification, and briefing on the motion was complete as of June 28, 2022. The motion was granted, and a class was certified. On April 12, 2024, the parties filed a revised schedule for the remainder of the proceeding through trial. As of the date of this Form 10-K, the parties have completed fact discovery. The Company and the individual defendants believe the claims are without merit and will continue to vigorously defend against them, but there can be *no* assurances as to the outcome.

MMIRF, LLC v. Tilray Brands, Inc., et al

On December 31, 2025, MMIRF, LLC filed a complaint in the Superior Court of California, Los Angeles County, against Tilray Brands, Inc., Serruya Private Equity Inc., Superhero Acquisition Corp., Superhero Acquisition L.P., Irwin Simon, Michael Serruya, and Denise Faltischek, asserting claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, and civil conspiracy against all defendants. The plaintiff allegedly is an assignee of claims previously possessed by MM CAN USA, Inc., a former subsidiary of MedMen Enterprises, Inc. ("MedMen"). The complaint alleges that, following a series of transactions in August 2021 pursuant to which Tilray (and other investors) acquired an interest in senior secured convertible notes of MedMen through its investment in Superhero Acquisition L.P. as a limited partner (as previously disclosed in a current report filed on Form 8-K on August 17, 2021), Tilray and the other defendants gained "de facto" control over, and thereby became fiduciaries of, MedMen. The complaint further alleges that the defendants breached those purported fiduciary duties in taking certain actions that detrimentally impacted MedMen's business, which ultimately entered bankruptcy and receivership proceedings in April 2024. The plaintiff seeks damages in excess of \$1.0 billion. Tilray intends to vigorously defend against the claims asserted in the complaint. Based on the information available as of the date of this Annual Report on Form 10-K, management does *not* believe that a loss is probable or reasonably estimable.

Legal Proceedings Related to Contractual Obligations

Fotmer Corporation S.A. v. Tilray Brands Inc. et al.

On January 4, 2023, Fotmer Corporation S.A. commenced an arbitration demanding \$1,233 for alleged breaches by Tilray under a 2019 purchase agreement. On July 5, 2023, Tilray commenced proceedings in the Berlin Regional Court seeking \$2,250 under a 2021 supply agreement, asserting that Fotmer's alleged monetary claims under the 2019 and 2021 supply agreements are unfounded and that Fotmer owes Tilray amounts in respect of advance payments made for future deliveries, defective products, and EU GMP certification costs.

On August 8, 2023, an arbitral award was issued ordering Tilray to pay Fotmer \$1,233 in connection with the 2019 supply agreement. Tilray has not paid the arbitral award and has asserted that its claims against Fotmer and the issues being litigated in Germany support equitable setoff.

On June 25, 2026, the Berlin Regional Court issued judgment decisively in Tilray's favor, ordering Fotmer to pay Tilray \$2,250, plus applicable interest and costs. The court also dismissed Fotmer's counterclaim, which sought more than €11,000 in damages, in its entirety.

Tilray is evaluating and pursuing available enforcement options in multiple jurisdictions. Tilray will continue to vigorously pursue enforcement of the judgment against Fotmer and defend its interests in any related proceedings.

Summary of litigation accruals

As described in Note 14 (Accounts payable and accrued liabilities), the total estimated litigation expense accrual included in accrued liabilities as of *May 31, 2026* and *May 31, 2025* was \$11,931 and \$12,431, respectively. During the intervening period, the accrual decreased by \$410 from settled claims and decreased \$90 due to a net change in the estimated likelihood of certain claim's settlement, with the remaining change attributable to foreign exchange effects. This estimated accrual is intended to cover various ongoing litigation matters with probable losses that can be reasonably estimated.

28. Financial risk management and financial instruments

Financial instruments

The Company has classified its financial instruments as described in Note 3 (Significant accounting policies).

The carrying values of marketable securities, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate their fair values due to their short periods to maturity.

As of *May 31, 2026* and *May 31, 2025*, the Company had long-term debt of \$1,822 and \$2,546, respectively, and the principal portion of convertible debentures payable of \$88,000 and \$105,000, respectively, subject to fixed interest rates.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. Cash and cash equivalents are Level 1. The hierarchy is summarized as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2	Inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
Level 3	Inputs for assets and liabilities <i>not</i> based upon observable market data

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of *May 31, 2026* and *2025* and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>May 31, 2026</u>
Financial assets				
Cash and cash equivalents	\$225,977	\$ —	\$ —	\$225,977
Marketable securities	5,289	—	—	5,289
Equity investments measured at fair value	1,197	990	4,364	6,551
Total recurring fair value measurements	<u>\$232,463</u>	<u>\$990</u>	<u>\$4,364</u>	<u>\$237,817</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>May 31, 2025</u>
Financial assets				
Cash and cash equivalents	\$221,666	\$ —	\$ —	\$221,666
Marketable Securities	34,697	—	—	34,697
Equity investments measured at fair value	909	1,063	8,160	10,132
Financial liabilities				
Warrant liability	—	—	(1,092)	(1,092)
Contingent consideration	—	—	(15,000)	(15,000)
Total recurring fair value measurements	<u>\$257,272</u>	<u>\$1,063</u>	<u>\$ (7,932)</u>	<u>\$250,403</u>

The Company's financial assets and liabilities required to be measured on a recurring basis are its equity investments measured at fair value, digital assets, acquisition-related contingent consideration, and warrant liability.

During the fiscal year ended *May 31, 2026*, the Company purchased 9.16 units of Bitcoin. Digital assets recorded at fair value have quoted prices in active markets for identical assets and are classified as Level 1. The following table presents the Company's digital asset holdings as of *May 31, 2026*:

	<u>Quantity</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Gain (Loss)</u>
Bitcoin	<u>9.16</u>	<u>\$1,000</u>	<u>\$674</u>	<u>\$(326)</u>
Total digital assets	<u>9.16</u>	<u>\$1,000</u>	<u>\$674</u>	<u>\$(326)</u>

Certain equity investments recorded at fair value have quoted prices in active markets for identical assets and are classified as Level 1. The Company classified securities with observable inputs as Level 2 and without a quoted market price as Level 3.

As of *May 31, 2026* and *May 31, 2025*, included within equity investment under measurement alternative is an option to acquire a 68% membership interest in SH Acquisition for \$1.00 upon U.S. federal cannabis legalization valued at \$4,364 and \$8,160 respectively. During the fiscal year ended *May 31, 2026*, the fair value of this option decreased by \$3,796 due to changes in the discounted cash flow model used to value the underlying business. Specifically, projected cash flows associated with retail operations were reduced to \$nil as a result of restructuring activities, with the remaining valuation attributable solely to projected brand-related cash flows.

A portion of the total consideration to be paid in connection with the Company's acquisition of Montauk Brewing Company ("Montauk") was contingent upon the achievement by Montauk of certain financial measures as of *December 31, 2025*. In the event that Montauk achieved either the pre-determined sales volume target or EBITDA target, then \$15,000 of contingent consideration would be deemed earned and payable. If both the sales volume target and the EBITDA target were achieved, an additional \$3,000 would be deemed earned and payable for a total contingent consideration payment of \$18,000.

For the year ended, *May 31, 2025*, the Company assessed the estimated value of the contingent consideration liability as \$15,000, which was estimated to be achieved based on management's forecast, applying a probability of achievement of 100% for the sales volume target and 0% on the remaining criteria, which was *not* expected to be achieved as EBITDA targets were *not* forecasted to be met.

During the *three months ended August 31, 2025*, the Company reassessed the estimated fair value of the contingent consideration liability as \$nil, based on subsequent information regarding Montauk's operating results and revised expectations for the remainder of the earn-out period. As a result of lower-than-anticipated sales volumes during the peak selling periods of *June, July* and *August 2025*, and the loss of certain national retail programs, management concluded that Montauk *no longer* had a viable path to achieving the sales volume target or the EBITDA target within the earn-out period. Accordingly, the Company applied a probability of achievement of 0% to the sales volume target and 0% to the remaining criteria. The resulting \$15,000 change in fair value of the contingent consideration liability was recorded within the statement of profit and loss and contributed to the Company's net income generated during the period ended *August 31, 2025*, despite historically reporting a net loss.

During the *three months ended February 28, 2026*, the earn-out period concluded and neither financial measure was achieved. Accordingly, no further changes to the fair value of the contingent consideration liability were recognized during the year ended *May 31, 2026* as no contingent consideration obligation was payable.

The fair value measurement was based on significant unobservable inputs related to projected operating performance and expected cash outflows and was therefore classified as a Level 3 fair value measurement.

The balances of assets and liabilities categorized within Level 3 of the fair value hierarchy measured at fair value on a recurring basis are reconciled, as follows for the period ended *May 31, 2026*:

	<u>Equity Investments</u>	<u>Warrant Liability</u>	<u>Contingent Consideration</u>
Balance, May 31, 2025	\$ 8,160	\$(1,092)	\$(15,000)
Unrealized gain (loss) on fair value	(3,796)	(3,495)	15,000
Instruments exercised	—	4,587	—
Balance, May 31, 2026	<u>\$ 4,364</u>	<u>\$ —</u>	<u>\$ —</u>

The balances of assets and liabilities categorized within Level 3 of the fair value hierarchy measured at fair value on a recurring basis are reconciled, as follows for the period ended *May 31, 2025*:

	<u>Convertible notes receivable</u>	<u>Equity Investments</u>	<u>Warrant Liability</u>	<u>Contingent Consideration</u>	<u>APHA 24 Convertible Debt</u>
Balance, May 31, 2024	\$ 32,000	\$ 5,500	\$(3,253)	\$(15,000)	\$(330)
Additions/(Repayments)	(12,000)	8,160	—	—	330
Unrealized gain (loss) on fair value.	—	(5,500)	2,161	—	—
Impairments.	<u>(20,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance, May 31, 2025	<u>\$ —</u>	<u>\$ 8,160</u>	<u>\$(1,092)</u>	<u>\$(15,000)</u>	<u>\$ —</u>

The unrealized gain (loss) on assets and liabilities categorized within Level 3 of the fair value hierarchy are recognized in the consolidated statements of loss and comprehensive loss using the following inputs:

<u>Financial asset / financial liability</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Inputs</u>
Equity investments	Discounted cash flows	Probability of achievement	70%

Items measured at fair value on a non-recurring basis

The Company's prepayments and other current assets, long-lived assets, including property and equipment, goodwill and intangible assets are measured at fair value when there is an indicator of impairment and are recorded at fair value only when an impairment charge is recognized.

Financial risk management

The Company has exposure to the following risks from its use of financial instruments: credit; liquidity; currency rate; interest rate price; equity price risk; and capital management risk.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at *May 31, 2026*, is the carrying amount of cash and cash equivalents, accounts receivable, prepaids and other current assets. All cash and cash equivalents are placed with major financial institutions in Canada, Australia, Portugal, Germany, Colombia, Argentina, United Kingdom and the United States. To date, the Company has *not* experienced any losses on its cash deposits. Accounts receivable are unsecured, and the Company does *not* require collateral from its customers.

The Company evaluates the collectability of its accounts receivable and maintains an allowance for credit losses at an amount sufficient to absorb losses inherent in the existing accounts receivable portfolio as of the reporting dates based on the estimate of expected net credit losses.

Trade receivables included an allowance for doubtful accounts and credit loss provision of \$3,156 as of *May 31, 2026* (2025-\$3,702) and are broken out below as follows:

	<u>Total</u>	<u>0-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>90+ days</u>
Accounts receivable, net	\$189,170	\$128,759	\$23,833	\$27,480	\$9,098
	100%	68%	13%	15%	5%
	<u>Balance at the beginning of period</u>	<u>Movement during the year⁽¹⁾</u>	<u>Balance at end of period</u>		
Fiscal year ended May 31, 2026					
Allowance for doubtful accounts and credit loss provision. .	\$3,702	\$ (546)	\$3,156		
Fiscal year ended May 31, 2025					
Allowance for doubtful accounts and credit loss provision. .	7,714	(4,012)	3,702		
Fiscal year ended May 31, 2024					
Allowance for doubtful accounts and credit loss provision. .	6,641	1,073	7,714		

(1) Included in movements for the period is the total movements for foreign exchange, additions to the provisions and utilization of the credit loss provision and allowance for doubtful accounts.

(b) Liquidity risk

As of *May 31, 2026*, the Company's financial liabilities consisted of bank indebtedness and accounts payable and accrued liabilities, which have contractual maturity dates within *one*-year, as well as long-term debt and convertible debentures which have contractual maturities over the next *five* years.

The Company maintains a minimum deposit on certain cash operating accounts tied to loans secured by its Aphria One, SweetWater, and craft beverage facilities. The Company maintains debt service charge and leverage covenants on certain loans secured by its Aphria Diamond facilities and ABC Group that are measured quarterly. The Company believes that it has sufficient operating room with respect to its financial covenants for the next fiscal year and does *not* anticipate being in breach of any of its financial covenants. See Note 30, (Subsequent events) for additional details.

The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position as of *May 31, 2026*, management regards liquidity risk to be low.

(c) Currency rate risk

As of *May 31, 2026*, a portion of the Company's financial assets and liabilities held in Canadian dollars and Euros consist of cash and cash equivalents, and long-term investments. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with *third* parties in the functional currency. The Company is exposed to currency rate risk in other comprehensive income, relating to foreign subsidiaries which operate in a foreign currency. The Company does *not* currently use foreign exchange contracts to hedge its exposure to its foreign currency cash flows as management has determined that this risk is *not* significant at this point in time.

(d) Interest rate risk

The Company's exposure to changes in interest rates relate primarily to the Company's outstanding debt. The Company manages interest rate risk by restricting the type of investments and varying the terms of maturity and issuers of marketable securities. Varying the terms to maturity reduces the sensitivity of the portfolio to the impact of interest rate fluctuations.

(e) Capital management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company *may* issue new shares, issue new debt, or acquire or dispose of assets. The Company is *not* subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been *no* changes to the Company's capital management approach in the year. The Company considers its cash and cash equivalents and marketable securities as capital.

29. Segment reporting

Our Company's Chief Operating Decision Maker ("CODM") is the Chairman of the Board of Directors and Chief Executive Officer. The CODM uses segment gross profit for the purpose of resource allocation, assessment of segment performance against determined targets, and in deciding whether to implement cost saving targets. The Company operates in four segments. 1) cannabis operations, which encompasses the production, distribution, sale, co-manufacturing and advisory services of both medical and adult-use cannabis, 2) beverage operations, which encompasses the production, marketing and sale of beverage products, 3) distribution operations, which encompasses the purchase and resale of pharmaceuticals products to customers, and 4) wellness products, which encompasses hemp foods and cannabidiol ("CBD") products. This structure is in line with how our CODM assesses our performance and allocates resources.

Operating segments have *not* been aggregated and *no* asset information is provided for the segments because the Company's CODM does *not* receive asset information by segment on a regular basis.

The following tables reconcile the Company's segment gross profit to consolidated U.S. GAAP results:

	For the year ended May 31,		
	2026	2025	2024
Beverage			
Net beverage revenue	\$253,976	\$240,595	\$202,094
Beverage costs	162,743	147,591	113,522
Beverage gross profit	<u>91,233</u>	<u>93,004</u>	<u>88,572</u>
Cannabis			
Net cannabis revenue	268,342	249,001	272,798
Cannabis costs	161,256	150,005	182,594
Cannabis gross profit	<u>107,086</u>	<u>98,996</u>	<u>90,204</u>
Distribution			
Distribution revenue	327,244	271,228	258,740
Distribution costs	286,589	241,896	230,596
Distribution gross profit	<u>40,655</u>	<u>29,332</u>	<u>28,144</u>
Wellness			
Wellness revenue	65,892	60,485	55,310
Wellness costs	44,425	41,247	38,879
Wellness gross profit	<u>21,467</u>	<u>19,238</u>	<u>16,431</u>
Total			
Total revenue	915,454	821,309	788,942
Total costs	655,013	580,739	565,591
Total gross profit	<u>\$260,441</u>	<u>\$240,570</u>	<u>\$223,351</u>

Segment costs are comprised of cost of goods sold which include product costs, salaries and an allocation of overhead costs.

The following table reconciles the total segment gross profit to the Company's consolidated totals:

	For the year ended May 31,		
	2026	2025	2024
Gross profit	\$ 260,441	\$ 240,570	\$ 223,351
Operating expenses:			
General and administrative	203,629	167,324	167,358
Selling	49,328	56,039	37,233
Amortization	19,585	88,616	84,752
Marketing and promotion	42,290	37,048	41,933
Research and development	361	284	635
Change in fair value of contingent consideration	(15,000)	—	(15,790)
Impairment of intangible assets and goodwill	—	2,096,139	—
Other than temporary change in fair value of convertible notes receivable	—	21,661	42,681
Litigation costs, net of recoveries	3,902	17,347	8,251
Restructuring costs	13,113	34,283	15,581
Transaction costs (income), net	6,260	4,534	15,462
Total operating expenses	<u>323,468</u>	<u>2,523,275</u>	<u>398,096</u>
Operating loss	(63,027)	(2,282,705)	(174,745)
Interest expense, net	(23,663)	(29,952)	(36,433)
Non-operating income (expense), net	(1,370)	10,284	(37,842)
Loss before income taxes	(88,060)	(2,302,373)	(249,020)
Income tax expense (recovery), net	17,098	(121,017)	(26,616)
Net loss	<u>\$(105,158)</u>	<u>\$(2,181,356)</u>	<u>\$(222,404)</u>

Channels of cannabis revenue were as follows:

	For the year ended May 31,		
	2026	2025	2024
Revenue from Canadian medical cannabis	\$ 23,726	\$ 24,998	\$ 25,211
Revenue from Canadian adult-use cannabis	236,352	224,048	266,846
Revenue from wholesale cannabis	7,318	18,207	25,340
Revenue from international cannabis	84,910	63,356	53,295
Less excise taxes	(83,964)	(81,608)	(97,894)
Total	<u>\$268,342</u>	<u>\$249,001</u>	<u>\$272,798</u>

There was \$nil of cannabis advisory services revenue for the fiscal year ended *May 31, 2026*, compared to \$1,460 and \$1,500 for the fiscal years ended *May 31, 2025* and *2024*, respectively.

Geographic net revenue:

	For the year ended May 31,		
	2026	2025	2024
USA	\$242,390	\$273,695	\$233,141
Canada	215,661	212,860	243,722
EMEA	445,698	323,350	296,450
Rest of World	11,705	11,404	15,629
Total	<u>\$915,454</u>	<u>\$821,309</u>	<u>\$788,942</u>

Geographic capital assets:

	May 31, 2026	May 31, 2025
USA	\$207,592	\$200,003
Canada	245,799	267,458
EMEA	202,598	97,371
Rest of World	24,236	3,601
Total	<u>\$680,225</u>	<u>\$568,433</u>

Major customers are defined as customers that each individually account for greater than 10% of the Company's annual revenues. For the fiscal years ended *May 31, 2026, 2025* and *2024*, there were no major customers representing greater than 10% of our annual revenues.

30. Subsequent Events

From *June 1, 2026* to *June 4, 2026*, the Company issued an additional 639,581 shares in connection with the Company's ATM Program, thereby generating gross proceeds of \$3,528. The Company netted proceeds of \$3,457 after commissions and other fees associated with these issuances in the amount of \$71.

From *June 1, 2026* to *June 24, 2026*, Tilray entered into *three* private debt-for-equity Exchange Transactions with unrelated parties. Pursuant to the Exchange Transactions, the Company issued an aggregate of 3,852,527 shares of Common Stock in exchange for \$18,000 aggregate principal amount of the TLRY 27 Notes due *June 15, 2027*. As a result, \$70,000 of principal remains outstanding on the Company's TLRY 27 Notes as of the date of this filing.

On *July 24, 2026*, American Beverage Crafts Group, Inc., a wholly owned subsidiary of the Company, entered into a Sixth Amendment to Credit Agreement (the "Sixth Amendment") with Bank of America, N.A., as administrative agent, and the lenders party thereto. The Sixth Amendment amends the Credit Agreement dated *June 30, 2023* and, among other things, reflects revisions to the Company's credit facilities, including a reduction in the revolving commitments from \$25,000 to \$15,000 and modifications to certain of the financial covenants. The Sixth Amendment also acknowledges a voluntary principal prepayment of \$10,000 million made on *May 29, 2026*, and includes various amendments, consents and other provisions relating to certain corporate and financing transactions.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Tilray Brands, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Tilray Brands, Inc. and its subsidiaries (the Company) as of May 31, 2026 and 2025, and the related consolidated statements of loss and comprehensive loss, of changes in equity and of cash flows for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of May 31, 2026, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of May 31, 2026 and 2025, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2026, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded certain business operations and assets of BrewDog plc and certain of its subsidiary undertakings (BrewDog UK I), BrewDog Brewing Australia Pty Ltd (BrewDog AUS), certain BrewDog assets in the U.S (BrewDog US), 5 BrewDog brewpubs in Scotland and England (BrewDog UK II), and the Lyphe Group (Lyphe) from its assessment of internal control over financial reporting as of May 31, 2026, because they were acquired by the Company in purchase business combinations during the year ended May 31, 2026. The business operations and assets of BrewDog UK 1, BrewDog AUS, BrewDog US, BrewDog UK II and Lyphe are wholly-owned subsidiaries whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent 9.5%, 1.0%, 1.5%, 0.2% and 0.2% of total assets and 3.8%, 0.2%, 0.5%, 0% and 0% of net revenues, respectively, of the related consolidated financial statement amounts as of and for the year ended May 31, 2026.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Qualitative Goodwill Impairment Assessment related to Cannabis Reporting Unit

As described in Notes 3 and 10 to the consolidated financial statements, the Company's goodwill balance was \$752.4 million as at May 31, 2026 related to the Cannabis Reporting Unit. Goodwill is tested annually for impairment in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. In the annual impairment test, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value (the qualitative goodwill impairment assessment). If further testing is required, the Company estimates the fair value of the reporting unit and compares it to the carrying value. Management uses significant judgment in assessing the qualitative factors to be considered in the qualitative goodwill impairment assessment, including macroeconomic factors, industry trends, cost factors, overall financial performance and the Company's share price and resultant market value capitalization in comparison to its book value.

The principal considerations for our determination that performing procedures relating to the qualitative goodwill impairment assessment related to Cannabis Reporting Unit is a critical audit matter are (i) the significant judgment by management in assessing the qualitative factors in the qualitative goodwill impairment assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to management's qualitative goodwill impairment assessment; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge in assessing the appropriateness of market data and industry trends.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's qualitative goodwill impairment assessment. These procedures also included, among others, evaluating the reasonableness of management's qualitative goodwill impairment assessment which includes the following factors: macroeconomic factors, industry trends, cost factors, overall financial performance and the Company's share price and resultant market value capitalization in comparison to its book value by (i) considering consistency with current and past performance of the reporting unit; (ii) considering consistency with external market and industry data; (iii) comparing share price trends and market value capitalization for the Company at various points during the year to third party market data; and (iv) considering consistency with

evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of market data and industry trends used in the qualitative goodwill impairment assessment.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

July 28, 2026

We have served as the Company's auditor since 2017.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.*Evaluation of Disclosure Controls and Procedures*

We have established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) to ensure that material information relating to us, including our consolidated subsidiaries, is made known to the officers who certify our financial reports and to other members of senior management and the Board.

Our management, with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), conducted an evaluation of the effectiveness of our disclosure controls and procedures. Based on this evaluation, as of the end of the period covered by this Annual Report on Form 10-K, our CEO and CFO have concluded that our disclosure controls and procedures are effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and (2) accumulated and communicated to management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with the authorization of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

It is important to understand that there are inherent limitations on effectiveness of internal controls as stated within COSO. Internal controls, no matter how well designed and operated, may not prevent or detect misstatements and can only provide reasonable assurance to management and the Board of Directors regarding achievement of an entity's objectives. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. These inherent limitations include the following:

- Judgments in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes;
- Controls can be circumvented by individuals, acting alone or in collusion with each other, or by management override;
- The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; and
- Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of May 31, 2026, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013) issued. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of May 31, 2026.

During our fiscal year ended May 31, 2026, we acquired certain business operations and assets of BrewDog plc and certain of its subsidiary undertakings (BrewDog UK I), BrewDog Brewing Australia Pty Ltd (BrewDog AUS), certain BrewDog assets in the U.S (BrewDog US), 5 additional BrewDog brewpubs in Scotland and England (BrewDog UK II), and the Lyphe Group (Lyphe). As a result of the acquisition, each of the acquired entities became wholly-owned subsidiaries of Tilray. In accordance with guidance issued by the SEC, companies are permitted to exclude acquisitions from their final assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred. Our management, with the participation of our CEO and CFO, has excluded these acquisitions from its assessment of internal control over financial reporting as of May 31, 2026. The operations of the BrewDog UK I, BrewDog AUS, BrewDog US, BrewDog UK II, and Lyphe represent approximately 9.5%, 1.0%, 1.5%, 0.2%, 0.2% of our total assets and 3.8%, 0.2%, 0.5%, 0%, 0% of our net revenues as of and for the year ended May 31, 2026, respectively.

The effectiveness of the Company's internal control over financial reporting as of May 31, 2026 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which accompanies the consolidated financial statements.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recent quarter, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

On July 24, 2026, American Beverage Crafts Group, Inc. entered into the Sixth Amendment with Bank of America, N.A., as administrative agent, and the lenders party thereto. The Sixth Amendment amends the Credit Agreement dated June 30, 2023 and, among other things, reflects revisions to the Company's credit facilities, including a reduction in the revolving commitments from \$25.0 million to \$15.0 million and modifications to certain of the financial covenants. The Sixth Amendment also acknowledges a voluntary principal prepayment of \$10.0 million made on May 29, 2026, and includes various amendments, consents and other provisions relating to certain corporate and financing transactions. The foregoing description is qualified in its entirety by reference to the full text of the Sixth Amendment, which is filed as Exhibit 10.29 to this Annual Report on Form 10-K and incorporated herein by reference.

On July 23, 2026, the Board of Directors of the Company (the "Board") approved fiscal year 2026 retention payments to be made on or about August 15, 2026 (the "Payment Date") for the following executives (the "Executives") in the amount set forth opposite each Executive's name pursuant to an Executive Retention Agreement (the "Executive Retention Agreement") entered into with each Executive. Pursuant to the terms of each Executive Retention Agreement, such retention payments require continued employment from the Payment Date through August 31, 2027 (the "Repayment Period"). If the Executive terminates employment without Good Reason or is terminated by the Company for Cause (both terms as defined in the Executive's employment agreements) prior to August 31, 2027, then such Executive must repay a pro-rated portion of the retention payment based on the number of days not employed by the Company during the Repayment Period. A copy of the form of Executive Retention Agreement is filed as an exhibit to this Form 10-K.

Executives	Retention Payment
Irwin Simon.	\$2,000,000
Carl Merton.	300,000
Denise Faltischek	300,000
Mitchell Gendel.	300,000
Roger Savell	100,000

Rule 10b5-1 Trading Plans

None of our directors or "officers," as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, adopted or terminated a Rule 10b5-1 trading plan or arrangement or a non-Rule 10b5-1 trading plan or arrangement, as defined in Item 408(c) of Regulation S-K, during the fiscal year covered by this report.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III

This Part III incorporates certain information by reference from the definitive proxy statement to be filed in connection with our 2026 Annual Meeting of Stockholders (the “2026 Proxy Statement”). We will file the Proxy Statement with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year ended May 31, 2026. If our Proxy Statement is not filed within 120 days of May 31, 2026, the omitted information will be included in an amendment to this Annual Report on Form 10-K filed not later than the end of such 120-day period.

Item 10. Directors, Executive Officers and Corporate Governance.

- (1) The information required by this Item concerning our executive officers and our directors and nominees for director, including information with respect to our audit committee and audit committee financial expert, *may* be found under the section entitled “Proposal No. 1 Election of Directors,” “Information Regarding the Board of Directors and Corporate Governance,” and “Executive Officers” appearing in the 2026 Proxy Statement. Such information is incorporated herein by reference.
- (2) The information required by this Item concerning our code of ethics *may* be found under the section entitled “Information Regarding the Board of Directors and Corporate Governance” appearing in the 2026 Proxy Statement. Such information is incorporated herein by reference.
- (3) The information required by this Item concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 *may* be found in the section entitled “Delinquent Section 16(a) Reports” appearing in the 2026 Proxy Statement. Such information is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this Item *may* be found under the sections entitled “Director Compensation”, “Executive Compensation” and “Equity Compensation Plan Information” appearing in the 2026 Proxy Statement. Such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

- (1) The information required by this Item with respect to security ownership of certain beneficial owners and management may be found under the section entitled “Security Ownership of Certain Beneficial Owners and Management” appearing in the 2026 Proxy Statement. Such information is incorporated herein by reference.
- (2) The information required by this Item with respect to securities authorized for issuance under our equity compensation plans may be found under the sections entitled “Equity Compensation Plan Information” appearing in the 2026 Proxy Statement. Such information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

- (1) The information required by this Item concerning related party transactions may be found under the section entitled “Transactions with Related Persons” appearing in the 2026 Proxy Statement. Such information is incorporated herein by reference.
- (2) The information required by this Item concerning director independence may be found under the sections entitled “Information Regarding the Board of Directors and Corporate Governance—Independence of the Board of Directors” and “Information Regarding the Board of Directors and Corporate Governance—Information Regarding Committees of the Board of Directors” appearing in the 2026 Proxy Statement. Such information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this Item may be found under the section entitled “Proposal No. 3 - Ratification of Appointment of Independent Registered Public Accounting Firm” appearing in the 2026 Proxy Statement. Such information is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this report:

- (1) Financial Statements and Report of Independent Registered Public Accounting Firm
- (2) Financial Statement Schedules

Financial Statement Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

- (3) Exhibits are incorporated herein by reference or are filed with this report as indicated below (numbered in accordance with Item 601 of Regulation S-K).

(b) Exhibits

The exhibits listed below on the Exhibit Index are filed herewith or are incorporated by reference to exhibits previously filed with the SEC.

Exhibit Index

Exhibit No.	Description of Document	Incorporated by Reference				Filed Herewith
		Schedule Form	File Number	Exhibit	Filing Date	
3.1	Fifth Amended and Restated Certificate of Incorporation of Tilray Brands, Inc., dated as of December 19, 2024, as currently in effect	10-Q	001-38594	3.1	1/10/2025	
3.2	Certificate of Amendment of the Fifth Amended and Restated Certificate of Incorporation of the Company, filed on November 26, 2025	8-K	001-38594	3.1	11/26/2025	
3.3	Amended and Restated Bylaws, as of January 10, 2022, as currently in effect	8-K	001-38594	3.2	1/10/2022	
4.1	Indenture, dated May 31, 2023, between Tilray Brands, Inc. and Computershare Trust Company, N.A.	8-K	001-38594	4.1	5/31/2023	
4.2	First Supplemental Indenture, dated May 31, 2023, between Tilray Brands, Inc. and Computershare Trust Company, N.A.	8-K	001-38594	4.2	5/31/2023	
4.3	Description of Securities of the Registrant					X
4.4	Form of Pre-Funded Warrant	8-K	001-38594	4.1	03/17/2020	
4.5	Form of Warrant	8-K	001-38594	4.2	03/17/2020	
4.6	Agreement Of Resignation, Appointment and Acceptance, dated as of January 27, 2022, by and among Tilray Brands, Inc., Glas Trust Company LLC and Computershare Trust Company, N.A.	8-K	001-38594	4.1	1/28/2022	
4.7	Agreement Of Resignation, Appointment and Acceptance, dated as of January 27, 2022, by and among Tilray Brands, Inc., Glas Trust Company LLC and Computershare Trust Company, N.A.	8-K	001-38594	4.2	1/28/2022	
10.1+	Amended and Restated 2018 Equity Incentive Plan	S-1	333-225741	10.2	7/9/2018	
10.2+	Form of Restricted Stock Unit Award Agreement under the Amended and Restated 2018 Equity Incentive Plan	S-1	333-225741	10.4	7/9/2018	

Exhibit No.	Description of Document	Incorporated by Reference				Filed Herewith
		Schedule Form	File Number	Exhibit	Filing Date	
10.3	Form of Indemnity Agreement by and between the Registrant and its directors and officers	8-K	001-38594	10.5	8/10/2020	
10.4	Common Share Purchase Warrant Agreement, between Aphria Inc. and Computershare Trust Company of Canada, dated January 30, 2020	10-K	001-38594	10.39	7/28/2021	
10.5	Employment Agreement by and between the Registrant and Irwin Simon, dated August 28, 2021	10-Q	001-38594	10.1	10/7/2021	
10.6	Employment Agreement by and between the Registrant and Denise Faltischek, dated August 28, 2021	10-Q	001-38594	10.2	10/7/2021	
10.7	Employment Agreement by and between the Registrant and Carl Merton, dated August 28, 2021	10-Q	001-38594	10.4	10/7/2021	
10.8	Employment Agreement by and between the Registrant and Mitchell Gendel, dated July 26, 2021	10-K	001-38594	10.14	7/28/2022	
10.9	Indenture dated as of May 27, 2021, by and between HEXO Corp. as issuer, and GLAS Trust Company LLC, as trustee	8-K	001-38594	10.7	7/12/2022	
10.10	Purchase Agreement, dated August 7, 2023, by and among Tilray, Anheuser-Busch Companies, LLC, Craft USA Holdings, LLC, Craft Brew Alliance, Inc. and Tilray Beverages, LLC	8-K	001-38594	10.1	8/7/2023	
10.11	First Amendment to the Purchase Agreement, dated as of September 29, 2023, by and among Tilray, Anheuser-Busch Companies, LLC, Craft USA Holdings, LLC, Craft Brew Alliance, Inc. and Tilray Beverages, LLC	8-K	001-38594	10.1	10/2/2023	
10.12	Form of 2023 EBITDA PSU Equity Incentive Award.	10-Q	001-38594	10.4	10/4/2023	
10.13	Fourth Amended and Restated Wholesale Cannabis Supply Agreement, dated as of January 5, 2024, by and between 1974568 Ontario Limited and Aphria Inc. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on January 9, 2024).	10-Q	001-38594	10.1	1/9/2024	
10.14	Form of 2024 EBITDA Performance Award.	10-Q	001-38594	10.4	4/9/2024	
10.15	Amended Credit Agreement, effective June 30, 2023, by and among Four Twenty Corporation, certain subsidiaries and affiliates of Four Twenty Corporation, Bank of America, N.A., City National Bank, the lenders party thereto and BofA Securities, Inc.	8-K	001-38594	10.1	8/31/2023	
10.16	Second Amendment and Consent to Credit Agreement, dated as of September 29, 2023 by and among Four Twenty Corporation, Bank of America, N.A. and the Guarantors and Lenders party thereto.	8-K	001-38594	10.2	10/2/2023	

Exhibit No.	Description of Document	Incorporated by Reference			Filing Date	Filed Herewith
		Schedule Form	File Number	Exhibit		
10.17	Waiver to Credit Agreement, dated as of January 5, 2024, by and among Four Twenty Corporation, Bank of America, N.A., and the Guarantors and Lenders party thereto.	10-Q	001-38594	10.2	1/9/2024	
10.18	Third Amendment and Consent to Credit Agreement, dated as of March 29, 2024, by and among American Beverage Crafts Group, Inc. (formerly known as Four Twenty Corporation), Bank of America, N.A. and the Guarantors and Lenders party thereto.	10-Q	001-38594	10.5	4/9/2024	
10.19	Promissory note in the amount of \$23,791,65710.24 payable by Aphria Diamond Inc.	10-Q	001-38594	10.2	10/10/2024	
10.20	Fourth Amendment and Consent to Credit Agreement, dated as of October 30, 2024.	8-K	001-38594	10.1	11/1/2024	
10.21	Credit Agreement, dated February 21, 2025, by and among Aphria Diamond Inc., Canadian Imperial Bank of Commerce and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on February 26, 2025).	8-K	001-38594	10.1	2/26/2025	
10.22	Fifth Amendment to Credit Agreement, dated as of July 25, 2025.	10-Q	001-38594	10.20	10/9/2025	
10.23	Amendment No. 1 to Employment Agreement, dated as of October 7, 2025, by and between the Company and Irwin D. Simon.	10-Q	001-38594	10.2	10/9/2025	
10.24	Promissory note in the amount of \$14,821,356, made by Aphria Diamond Inc. in favor of Double Diamond Holdings Ltd.	10-Q	001-38594	10.3	10/09/2025	
10.25	Business and Asset Sale Agreement, dated March 2, 2026, by and among Tilray Brands, Inc., BrewDog plc, BrewDog Retail Limited, Draft House Holding, BrewDog International Limited, and Tilray Brands UK Ltd.	10-Q	001-38594	10.1	4/1/2026	
10.26	Sales Agreement, dated as of April 15, 2026 by and among Tilray Brands, Inc. and Jefferies LLC, TD Securities (USA) LLC and Roth Capital Partners, LLC	8-K	001-38594	1.1	4/15/2026	
10.27	Amended and Restated 2025 Form of Executive Retention Agreement.	10-K	001-38594	10.23	7/29/2025	
10.28	2027 Form of Executive Retention Agreement.					X
10.29	Sixth Amendment to Credit Agreement, dated as of July 24, 2026.					X
19	Insider Trading and Trading Window Policy					X
21.1	Subsidiaries of Tilray Brands Inc.					X
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm					X

Exhibit No.	Description of Document	Incorporated by Reference				Filed Herewith
		Schedule Form	File Number	Exhibit	Filing Date	
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
97.1	Policy for Recovery of Erroneously Awarded Incentive Compensation					X
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended May 31, 2026, formatted in Inline XBRL: (i) Consolidated Statements of Financial Position, (ii) Consolidated Statements of Loss and Comprehensive Loss, (iii) Consolidated Statements of Changes in Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.					
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)					

+ Indicates management contract or compensatory plan.

* Schedules and certain other information have been omitted pursuant to Item 601(b)(2) of Regulations S-K. The registrant will furnish copies of any such schedules to the Securities and Exchange Commission upon request.

† Registrant has omitted portions of the referenced exhibit pursuant to a request for confidential treatment under Rule 406 promulgated under the Securities Act.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Tilray Brands, Inc.

Date: July 28, 2026

By: /s/ Irwin D. Simon

Irwin D. Simon
Chief Executive Officer and Chairman

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Irwin D. Simon</u> Irwin D. Simon	Chief Executive Officer and Chairman <i>(Principal Executive Officer)</i>	July 28, 2026
<u>/s/ Carl Merton</u> Carl Merton	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	July 28, 2026
<u>/s/ Renah Persofsky</u> Renah Persofsky	Director	July 28, 2026
<u>/s/ Steven Cohen</u> Steven Cohen	Director	July 28, 2026
<u>/s/ David Clanachan</u> David Clanachan	Director	July 28, 2026
<u>/s/ John M. Herhalt</u> John M. Herhalt	Director	July 28, 2026
<u>/s/ David Hopkinson</u> David Hopkinson	Director	July 28, 2026
<u>/s/ Tom Looney</u> Tom Looney	Director	July 28, 2026

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