

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

**TILRAY BRANDS, INC.**  
**Consolidated Statements of Financial Position**  
(in thousands of United States dollars, unaudited)

	August 31, 2025	May 31, 2025
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 264,828	\$ 221,666
Marketable securities	—	34,697
Accounts receivable, net	107,075	121,489
Inventory	282,787	270,882
Prepays and other current assets	40,650	34,092
Assets held for sale	5,800	5,800
<b>Total current assets</b>	<b>701,140</b>	<b>688,626</b>
Capital assets	560,157	568,433
Operating lease, right-of-use assets	21,003	22,279
Digital assets	992	—
Intangible assets	25,173	21,423
Goodwill	752,350	752,350
Long-term investments	10,172	10,132
Other assets	11,659	11,084
<b>Total assets</b>	<b>\$ 2,082,646</b>	<b>\$ 2,074,327</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness	\$ 8,185	\$ 7,181
Accounts payable and accrued liabilities	230,913	235,322
Contingent consideration	—	15,000
Warrant liability	4,762	1,092
Current portion of lease liabilities	7,477	6,941
Current portion of long-term debt	16,295	14,767
<b>Total current liabilities</b>	<b>267,632</b>	<b>280,303</b>
<b>Long - term liabilities</b>		
Lease liabilities	63,345	64,925
Long-term debt	144,175	148,493
Convertible debentures payable	84,267	86,428
Deferred tax liabilities, net	1,943	3,748
Other liabilities	626	855
<b>Total liabilities</b>	<b>561,988</b>	<b>584,752</b>
<b>Commitments and contingencies (refer to Note 19)</b>		
<b>Stockholders' equity</b>		
Common stock (\$0.0001 par value; 1,416,000,000 common shares authorized; 1,118,291,159 and 1,060,678,745 common shares issued and outstanding, respectively)	111	106
Treasury Stock (3,213,914 and 2,004,218 treasury shares issued and outstanding, respectively)	—	—
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	6,431,410	6,401,657
Accumulated other comprehensive loss	(43,230)	(43,063)
Accumulated deficit	(4,847,548)	(4,847,226)
<b>Total Tilray Brands, Inc. stockholders' equity</b>	<b>1,540,743</b>	<b>1,511,474</b>
Non-controlling interests	(20,085)	(21,899)
<b>Total stockholders' equity</b>	<b>1,520,658</b>	<b>1,489,575</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,082,646</b>	<b>\$ 2,074,327</b>

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

**TILRAY BRANDS, INC.**  
**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**  
(in thousands of United States dollars, except for share and per share data, unaudited)

	Three months ended	
	August 31, 2025	August 31, 2024
Net revenue	\$ 209,501	\$ 200,044
Cost of goods sold	152,032	140,338
Gross profit	<u>57,469</u>	<u>59,706</u>
Operating expenses:		
General and administrative	41,053	44,113
Selling	12,923	11,690
Amortization	3,929	21,804
Marketing and promotion	10,155	11,566
Research and development	41	105
Change in fair value of contingent consideration	(15,000)	—
Litigation costs, net of recoveries	1,007	1,595
Restructuring costs	869	4,247
Transaction costs (income), net	400	1,156
Total operating expenses	<u>55,377</u>	<u>96,276</u>
Operating income (loss)	2,092	(36,570)
Interest expense, net	(6,696)	(9,842)
Non-operating income (expense), net	3,832	12,646
Loss before income taxes	(772)	(33,766)
Income tax expense (recovery), net	(2,285)	886
Net income (loss)	<u>\$ 1,513</u>	<u>\$ (34,652)</u>
Total net income (loss) attributable to:		
Stockholders of Tilray Brands, Inc.	(322)	(39,165)
Non-controlling interests	1,835	4,513
Other comprehensive gain (loss), net of tax		
Foreign currency translation gain (loss)	(188)	4,160
Comprehensive income (loss)	<u>\$ 1,325</u>	<u>\$ (30,492)</u>
Total comprehensive income (loss) attributable to:		
Stockholders of Tilray Brands, Inc.	(489)	(35,543)
Non-controlling interests	1,814	5,051
Weighted average number of common shares - basic	1,060,271,899	875,444,828
Weighted average number of common shares - diluted	1,060,271,899	875,444,828
Net loss per share - basic	\$ (0.00)	\$ (0.04)
Net loss per share - diluted	<u>\$ (0.00)</u>	<u>\$ (0.04)</u>

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

**TILRAY BRANDS, INC.**  
**Consolidated Statements of Stockholders' Equity**  
(in thousands of United States dollars, except for share data, unaudited)

	Number of common shares	Common Stock	Number of treasury shares	Treasury stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated Deficit	Non- controlling interests	Total
Balance at May 31, 2024	831,925,373	\$ 83	—	\$ —	\$ 6,146,810	\$ (43,499)	\$ (2,660,488)	\$ 272	\$ 3,443,178
Share issuance - At-the-Market ("ATM") program	36,693,307	4	—	—	66,468	—	—	—	66,472
Share issuance - RSUs exercised	6,823,140	1	—	—	(1)	—	—	—	—
Share issuance - options exercised	3,008	—	—	—	—	—	—	—	—
Shares effectively repurchased for employee withholding tax	—	—	—	—	(2,661)	—	—	—	(2,661)
Stock-based compensation	—	—	—	—	6,917	—	—	—	6,917
Comprehensive income (loss) for the period	—	—	—	—	—	3,622	(39,165)	5,051	(30,492)
Balance at August 31, 2024	875,444,828	\$ 88	—	\$ —	\$ 6,217,533	\$ (39,877)	\$ (2,699,653)	\$ 5,323	\$ 3,483,414
Balance at May 31, 2025	1,060,678,745	\$ 106	(2,004,218)	\$ —	\$ 6,401,657	\$ (43,063)	\$ (4,847,226)	\$ (21,899)	\$ 1,489,575
Share issuance - At-the-Market ("ATM") program	34,443,799	3	—	—	22,488	—	—	—	22,491
Share issuance - Repurchase of TLRY 27 convertible note	12,591,816	1	(1,209,696)	—	4,799	—	—	—	4,800
Share issuance - Settlement of equity component of TLRY 27 convertible note	—	—	—	—	(1,158)	—	—	—	(1,158)
Share issuance - RSUs exercised	10,576,799	1	—	—	(1)	—	—	—	—
Shares effectively repurchased for employee withholding tax	—	—	—	—	(1,427)	—	—	—	(1,427)
Stock-based compensation	—	—	—	—	5,052	—	—	—	5,052
Comprehensive income (loss) for the period	—	—	—	—	—	(167)	(322)	1,814	1,325
Balance at August 31, 2025	1,118,291,159	\$ 111	(3,213,914)	\$ —	\$ 6,431,410	\$ (43,230)	\$ (4,847,548)	\$ (20,085)	\$ 1,520,658

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

**TILRAY BRANDS, INC.**  
**Consolidated Statements of Cash Flows**  
(in thousands of United States dollars, unaudited)

	For the three months ended	
	August 31, 2025	August 31, 2024
<b>Cash provided by (used in) operating activities:</b>		
Net income (loss)	\$ 1,513	\$ (34,652)
Adjustments for:		
Deferred income tax (recovery) expense, net	(2,285)	382
Unrealized foreign exchange gain	(2,328)	(5,602)
Amortization	15,561	31,814
Accretion of convertible debt discount	1,976	3,067
Unrealized loss on digital assets	8	—
Other non-cash items	282	729
Stock-based compensation	5,052	6,917
Gain on long-term investments	(39)	(499)
Loss (gain) on derivative instruments	3,670	(696)
Change in fair value of contingent consideration	(15,000)	—
Change in non-cash working capital:		
Accounts receivable	14,414	(2,342)
Prepays and other current assets	(7,133)	(13,570)
Inventory	(11,905)	(12,383)
Accounts payable and accrued liabilities	(5,127)	(8,472)
Net cash used in operating activities	(1,341)	(35,307)
<b>Cash provided by (used in) investing activities:</b>		
Investment in capital and intangible assets	(9,523)	(6,736)
Proceeds from disposal of capital and intangible assets	293	28
Investment in digital assets	(1,000)	—
Disposal (purchase) of marketable securities, net	34,697	(42,687)
Net cash provided by (used in) investing activities	24,467	(49,395)
<b>Cash provided by (used in) financing activities:</b>		
Share capital issued, net of cash issuance costs	22,491	66,472
Repayment of long-term debt	(2,653)	(4,791)
Repayment of convertible debt	—	(330)
Repayment of lease liabilities	(994)	(862)
Net decrease in bank indebtedness	1,004	101
Net cash provided by financing activities	19,848	60,590
Effect of foreign exchange on cash and cash equivalents	188	958
Net increase (decrease) in cash and cash equivalents	43,162	(23,154)
Cash and cash equivalents, beginning of period	221,666	228,340
Cash and cash equivalents, end of period	\$ 264,828	\$ 205,186

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

**TILRAY BRANDS, INC.**  
**Notes to Consolidated Financial Statements**

**Note 1. Basis of presentation and summary of significant accounting policies**

The accompanying unaudited interim consolidated financial statements reflect the accounts of the Company for the quarterly period ended August 31, 2025 (the “Financial Statements”). The Financial Statements were prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) for interim financial information and pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”) for interim financial information. Accordingly, they do not include all of the information and notes required by U.S. GAAP and should be read in conjunction with the audited consolidated financial statements (the “Annual Financial Statements”) included in the Company’s Annual Report on Form 10-K for the fiscal year ended May 31, 2025 (the “Annual Report”). These Financial Statements reflect all adjustments, which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full fiscal year.

These Financial Statements have been prepared on a 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 that are measured at fair value, as detailed in the Company’s accounting policies.

All amounts in the Financial Statements, and the accompanying notes and tables have been rounded to the nearest thousand, except par values and per share amounts, and unless otherwise indicated.

*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. 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.

### *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 period. 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 12 (Convertible debentures payable) are excluded from the calculation of basic and diluted earnings per share because the borrower of the shares is required under the share lending arrangement to refund any dividends paid on the shares lent.

In computing diluted earnings (loss) per share, common share equivalents are not considered in periods in which a net loss attributable to Tilray shareholders is reported, as the inclusion of the common share equivalents would be anti-dilutive. For the three months ended August 31, 2025 and August 31, 2024, the dilutive potential common share equivalents outstanding consisted of the following: 52,107,218 and 23,411,577 common shares from RSUs, 3,032,011 and 3,359,144 common shares from share options, 6,209,000 and 6,209,000 common shares for warrants and 37,664,780 and 64,971,746 common shares for convertible debentures, respectively.

### *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 October 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative, which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification (the “Codification”). The effective date for each amendment will be the date on which the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. If by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. The Company is currently evaluating the effect of adopting this ASU.

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. ASU 2023-09 is effective for the Company beginning with its fiscal year ended May 31, 2026 and will be disclosed in the Financial Statements reported in our Annual Report on Form 10-K filed with the SEC for such period. The Company is in the process of evaluating the impact of the financial statement disclosure requirement.

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 June 1, 2026. 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 unaudited interim consolidated financial statements.

### *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.

**Note 2. Inventory**

Inventory consisted of the following:

	<b>August 31, 2025</b>	<b>May 31, 2025</b>
Beverage inventory	\$ 70,622	\$ 63,965
Cannabis plants	27,033	24,045
Dried cannabis	106,653	103,507
Cannabis derivatives	4,481	7,877
Cannabis vapes	1,892	1,860
Packaging and other inventory items	14,508	15,366
Distribution inventory	44,450	38,735
Wellness inventory	13,148	15,527
<b>Total</b>	<b>\$ 282,787</b>	<b>\$ 270,882</b>

**Note 3. Capital assets**

Capital assets consisted of the following:

	<b>August 31, 2025</b>	<b>May 31, 2025</b>
Land	\$ 45,122	\$ 44,529
Production facilities	416,605	407,650
Equipment	278,584	280,585
Leasehold improvements	20,415	20,415
Finance lease, right-of-use assets	40,019	40,308
Construction in progress	11,190	11,241
	<b>\$ 811,935</b>	<b>\$ 804,728</b>
Less: accumulated amortization	(251,778)	(236,295)
<b>Total</b>	<b>\$ 560,157</b>	<b>\$ 568,433</b>

Assets held for sale consisted of the following:

	<b>August 31, 2025</b>	<b>May 31, 2025</b>
Production facilities	\$ 5,800	\$ 5,800
<b>Total</b>	<b>\$ 5,800</b>	<b>\$ 5,800</b>

As of August 31, 2025, the Company classified the Fort Collins, CO partially vacant warehouse facility from its Cannabis reporting segment as held for sale. The Company expects the sale of the asset to be completed during the fiscal year ended May 31, 2026.

#### Note 4. Leases

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

	Classification on Balance Sheet	August 31, 2025	May 31, 2025
<b>Assets</b>			
Finance lease, right-of-use assets	Capital assets	\$ 40,019	\$ 40,308
Operating lease, right-of-use assets	Operating lease, right-of-use assets	21,003	22,279
Total right-of-use assets		<u>\$ 61,022</u>	<u>\$ 62,587</u>
<b>Liabilities</b>			
Current:			
Current portion of finance lease liabilities	Current portion of lease liabilities	\$ 1,582	\$ 1,560
Current portion of operating lease liabilities	Current portion of lease liabilities	5,895	5,381
Non-current:			
Finance lease liabilities	Lease liabilities	43,965	44,295
Operating lease liabilities	Lease liabilities	19,380	20,630
Total lease liabilities		<u>\$ 70,822</u>	<u>\$ 71,866</u>

The following table presents the future undiscounted payments associated with lease liabilities as of August 31, 2025:

	Operating leases	Finance leases
2026 (remaining nine months)	\$ 5,902	\$ 3,388
2027	6,931	4,518
2028	5,916	4,518
2029	2,941	4,370
Thereafter	10,647	66,694
Total minimum lease payments	\$ 32,337	\$ 83,488
Imputed interest	(7,062)	(37,941)
Obligations recognized	<u>\$ 25,275</u>	<u>\$ 45,547</u>

#### Note 5. Intangible Assets

Intangible assets consisted of the following items:

	Customer relationships & distribution channel	Licenses, permits & applications	Intellectual property, trademarks, knowhow & brands	August 31, 2025
Cost	\$ 2,409	\$ 15,047	\$ 16,381	\$ 33,837
Costs of impaired assets	444,208	367,022	452,530	1,263,760
Gross carrying amounts	446,617	382,069	468,911	1,297,597
Accumulated amortization	(41)	(5,544)	(3,079)	(8,664)
Accumulated impairment losses	(444,208)	(367,022)	(452,530)	(1,263,760)
Total	<u>\$ 2,368</u>	<u>\$ 9,503</u>	<u>\$ 13,302</u>	<u>\$ 25,173</u>

  

	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>

Licenses, permits & applications are predominantly comprised of multi-period sponsorship rights.

Expected future amortization expense for intangible assets as of August 31, 2025 is as follows:

	Amortization
2026 (remaining nine months)	\$ 5,737
2027	7,649
2028	4,085
2029	2,897
2030	2,897
Thereafter	1,908
Total	<u>\$ 25,173</u>



**Note 6. Goodwill**

The following table shows the carrying amount of goodwill by reporting units:

	<b>August 31,</b>				
	<b>2025</b>				
Cannabis Goodwill					\$ 2,640,669
Accumulated impairment losses					(1,897,431)
Effect of foreign exchange					9,112
Total					<u>\$ 752,350</u>

  

	<b>Reporting Unit</b>				<b>May 31,</b>
	<b>Beverage</b>	<b>Cannabis</b>	<b>Wellness</b>	<b>Distribution</b>	<b>2025</b>
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>\$ 752,350</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 752,350</u>

## Note 7. 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:

	<b>Amount</b>
<b>Consideration</b>	
Cash consideration	\$ 22,979
<b>Net assets acquired</b>	
<b>Current assets</b>	
Cash and cash equivalents	4,869
Accounts receivable	1,993
Inventory	6,844
Prepays and other current assets	185
<b>Long-term assets</b>	
Capital assets	20,916
Finance lease, right-of-use assets	1,869
Operating lease, right-of-use assets	1,884
<b>Total assets</b>	<u>38,560</u>
<b>Current liabilities</b>	
Accounts payable and accrued liabilities	11,828
Current portion of finance lease liabilities	354
Current portion of operating lease liabilities	564
<b>Long - term liabilities</b>	
Finance lease liabilities	1,515
Operating lease liabilities	1,320
<b>Total liabilities</b>	<u>15,581</u>
<b>Total net assets acquired</b>	<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 three months ended August 31, 2025 and approximately \$13,700 for the three months ended August 31, 2024, respectively, and its consolidated net income and comprehensive net income would have increased by approximately \$nil for the three months ended August 31, 2025 and approximately \$4,000 for the three months ended August 31, 2024, respectively. 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.

**Note 8. Long term investments**

Long term investments consisted of the following:

	<b>August 31, 2025</b>	<b>May 31, 2025</b>
Equity investments measured at fair value	\$ 2,012	\$ 1,972
Equity investments under measurement alternative	8,160	8,160
<b>Total</b>	<b>\$ 10,172</b>	<b>\$ 10,132</b>

As of August 31, 2025 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 \$8,160. See Note 24 (Financial risk management and financial instruments).

**Note 9. 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 August 31, 2025, 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 in the amounts of €7,000 and €500. These lines bear interest at Euro Short-Term Rate ("ESTR") plus 2.50% and Euro Interbank Offered Rate ("EURIBOR") plus 4.00%, respectively. As of August 31, 2025, a total of €7,459 (\$8,185) was drawn down from the total 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, Germany production 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 August 31, 2025, the Company has drawn \$nil on the revolving line of credit.

**Note 10. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities are comprised of:

	August 31, 2025	May 31, 2025
Trade payables	\$ 110,802	\$ 107,348
Accrued liabilities	91,993	103,260
Litigation accruals	12,021	12,431
Accrued payroll and employment related taxes	2,796	1,436
Income taxes payable	1,038	58
Accrued interest	2,677	4,193
Sales taxes payable	9,586	6,596
Total	<u>\$ 230,913</u>	<u>\$ 235,322</u>

**Note 11. Long-term debt**

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

	<b>August 31, 2025</b>	<b>May 31, 2025</b>
Term loan - 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	\$ 38,690	\$ 38,690
Term loan - 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	11,222	11,501
Term loan - 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	9,127	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	125	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	1,988	2,020
Term loan - €3,500 - at 4.59%, 5-year term, repayable in monthly installments of €52 plus interest, due in August 2028	2,437	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	19,233	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	78,750	80,438
Carrying amount of long-term debt	161,572	164,124
Unamortized financing fees	(1,102)	(864)
Net carrying amount	160,470	163,260
Less principal portion included in current liabilities	(16,295)	(14,767)
Total non-current portion of long-term debt	\$ 144,175	\$ 148,493

**Note 12. Convertible debentures payable**

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

	August 31, 2025	May 31, 2025
5.20% Convertible Notes ("TLRY 27")	\$ 84,267	\$ 86,428
Deduct - current portion	—	—
Total convertible debentures payable, non current portion	\$ 84,267	\$ 86,428

*TLRY 27 Notes*

	August 31, 2025	May 31, 2025
5.20% Contractual debenture	\$ 172,500	\$ 172,500
Debt settlement	(72,500)	(67,500)
Unamortized discount	(15,733)	(18,572)
Net carrying amount	\$ 84,267	\$ 86,428

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 376.6478 shares per \$1,000 principal amount of TLRY 27 Notes, which represents a conversion price of approximately \$2.66 per share. The conversion rate and conversion price will be subject to adjustment upon the occurrence of certain events.

The TLRY 27 Notes are now 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 38,500,000 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 38,500,000 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 three months ended August 31, 2025, the Company exchanged an aggregate \$5,000 of its TLRY 27 Notes for cancellation, by issuing 12,591,816 shares of Common Stock and paying \$6 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 \$1,158 reduction of additional paid-in capital in the Consolidated Statements of Stockholders' Equity. Additionally, this repurchase resulted in a gain of \$495 which was recorded in other non-operating (losses) gains, net as shown in Note 23 (Non-operating income (expense)). Following consummation of the exchange, the number of outstanding Borrowed Shares of Common Stock was reduced by 1,209,696 shares which were then returned as Treasury Stock. As of August 31, 2025 and May 31, 2025, a total of 22,318,841 and 23,434,783 shares remained outstanding under the share lending arrangement, respectively.

During the three months ended August 31, 2025, the Company recognized interest expense of \$1,367 and accretion of amortized discount interest of \$1,976. During the three months ended August 31, 2024, the Company recognized interest expense of \$2,243 and accretion of amortized discount interest of \$3,067.

As of August 31, 2025, there was \$100,000 principal outstanding compared to \$105,000 principal outstanding as of May 31, 2025 under the TLRY 27 Notes.

### Note 13. Warrant liability

As of August 31, 2025 and May 31, 2025, there were 6,209,000 warrants outstanding, with an original exercise price of \$5.95 per warrant, expiring September 17, 2025. Each warrant is exercisable for one share of Common Stock of the Company.

The warrants contain anti-dilution price protection features, which adjust the exercise price of the warrants if the Company subsequently issues Common Stock at a price lower than the exercise price of the warrants. In the event additional warrants or convertible debt are issued with a lower and/or variable exercise price, the exercise price of the warrants will be adjusted accordingly. During the three months ended August 31, 2025, the Company issued shares of its Common Stock which triggered the anti-dilution price protection feature and, accordingly, lowered the exercise price of each warrant to \$0.38. These warrants are classified as liabilities as they are to be settled in registered shares, and the registration statement is required to be active, unless such shares may be subject to an applicable exemption from registration requirements. The holders, at their sole discretion, may elect to affect a cashless exercise, and be issued exempt securities in accordance with Section 3(a)(9) of the Securities Act of 1933, as amended. In the event the Company does not maintain an effective registration statement, the Company may be required to pay a daily cash penalty equal to 1% of the number of shares of Common Stock due to be issued multiplied by any trading price of the Common Stock between the exercise date and the share delivery date, as selected by the holder. Alternatively, the Company may deliver registered Common Stock purchased by the Company in the open market. The Company may also be required to pay cash if it does not have sufficient authorized shares to deliver to the holders upon exercise.

Using the Black Scholes pricing model (Level 3), the Company has estimated the fair value of the warrants outstanding as of August 31, 2025 to be \$1.00 per warrant. In applying the Black Scholes pricing model (Level 3), the Company utilized the following assumptions: a risk-free interest rate of 2.64%, an expected volatility of 50%, an expected term of 0.05 years, strike price of \$0.38 and fair value of Common Stock of \$1.38. See Note 26 (Subsequent events) as all outstanding warrants were exercised after the period.

Expected volatility is based on both historical and implied volatility of the Company's common stock.

### Note 14. 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 August 31, 2025, the Company had issued and outstanding 1,118,291,159 shares of Common Stock, 3,213,914 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 three months ended August 31, 2025, the Company issued the following shares of Common Stock:

- a) 34,443,799 shares of Common Stock pursuant to its At-the-Market ("ATM") program, which generated gross proceeds of \$23,044 and net proceeds of \$22,491, after deducting \$553 in commissions and other fees associated with these issuances.
- b) 12,591,816 shares of Common Stock in the amount of \$4,800 to exchange the aggregate principal of \$5,000 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 \$1,158 reduction of additional paid-in capital. Following consummation of the exchange, the number of outstanding Borrowed Shares of Common Stock was reduced by approximately 1,209,696 shares which were then returned as Treasury Stock, see Note 12 (Convertible debentures payable).
- c) 10,576,799 shares of Common Stock in connection with the exercise of previously awarded stock-based compensation awards.

During the three months ended August 31, 2025, the Company granted 44,802,378 time-based Restricted Stock Units ("RSUs"), and nil performance-based RSUs.

During the fiscal year ended May 31, 2024, the Company issued 7,566,146 performance-based RSUs. These RSUs were not considered granted for accounting purposes at the time of issuance, as the performance conditions had not yet been established or approved and no amounts have been recorded within the Consolidated Statement of Income (Loss).

The Company's total stock-based compensation expense from RSUs incurred for the three months ended August 31, 2025 was \$5,052, compared to \$6,917 for the three months ended August 31, 2024, respectively.

**Note 15. Accumulated other comprehensive income (loss)**

Accumulated other comprehensive income (loss) is comprised of foreign currency translation gain (loss) as follows:

	<b>Total Foreign currency translation gain (loss)</b>
Balance May 31, 2024	\$ (43,499)
Other comprehensive income (loss)	3,622
Balance August 31, 2024	<u>\$ (39,877)</u>
Balance May 31, 2025	\$ (43,063)
Other comprehensive income (loss)	(167)
Balance August 31, 2025	<u>\$ (43,230)</u>

**Note 16. 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: Aphria Diamond (51%), and Colcanna S.A.S. (90%).

The following table provides a summary of certain balance sheet information before intercompany eliminations relating to the above-referenced majority-owned subsidiaries of the Company in which there was a non-controlling interest as of August 31, 2025:

	<b>Aphria Diamond</b>	<b>ColCanna S.A.S.</b>	<b>August 31, 2025</b>
Current assets	\$ 90,684	\$ 5	\$ 90,689
Non-current assets	112,250	3,485	115,735
Current liabilities	(128,471)	(7,036)	(135,507)
Non-current liabilities	(31,408)	(1,442)	(32,850)
Net assets	<u>\$ 43,055</u>	<u>\$ (4,988)</u>	<u>\$ 38,067</u>

The following table provides a summary of certain balance sheet information before intercompany eliminations relating to the above-referenced majority-owned subsidiaries of the Company in which there was a non-controlling interest as of May 31, 2025:

	<b>SH Acquisition</b>	<b>CC Pharma Nordic ApS</b>	<b>Aphria Diamond</b>	<b>ColCanna S.A.S.</b>	<b>May 31, 2025</b>
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>

The following table provides a summary of certain income statement information before intercompany eliminations relating to the above referenced majority-owned subsidiaries of the Company in which there was a non-controlling interest for the three months ended August 31, 2025:

	Aphria Diamond	ColCanna S.A.S.	August 31, 2025
Revenue	\$ 18,102	\$ —	\$ 18,102
Total expenses	13,497	(186)	13,311
Net (loss) income	4,605	186	4,791
Other comprehensive (loss) income	(911)	(147)	(1,058)
Net comprehensive (loss) income	\$ 3,694	\$ 39	\$ 3,733
Non-controlling interest %	49%	10%	NA
Comprehensive (loss) income attributable to NCI	1,810	4	1,814
Net comprehensive (loss) income attributable to NCI	\$ 1,810	\$ 4	\$ 1,814

The following table provides a summary of certain income statement information before intercompany eliminations relating to the above referenced majority-owned subsidiaries of the Company in which there was a non-controlling interest for the three months ended August 31, 2024:

	SH Acquisition	CC Pharma Nordic ApS	Aphria Diamond	ColCanna S.A.S.	August 31, 2024
Revenue	\$ —	\$ —	\$ 18,558	\$ —	\$ 18,558
Total expenses	—	5	9,216	630	9,851
Net (loss) income	—	(5)	9,342	(630)	8,707
Other comprehensive (loss) income	—	(1)	1,041	277	1,317
Net comprehensive (loss) income	\$ —	\$ (6)	\$ 10,383	\$ (353)	\$ 10,024
Non-controlling interest %	32%	25%	49%	10%	NA
Comprehensive (loss) income attributable to NCI	—	(2)	5,088	(35)	5,051
Net comprehensive (loss) income attributable to NCI	\$ —	\$ (2)	\$ 5,088	\$ (35)	\$ 5,051

#### Note 17. Income taxes

The determination of the Company's overall effective tax rate requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. The effective tax rate reflects the income earned and taxed in various United States federal, state, and foreign jurisdictions. Tax law changes, increases, and decreases in temporary and permanent differences between book and tax items, valuation allowances against the deferred tax assets, stock compensation, and the Company's change in income in each jurisdiction all affect the overall effective tax rate. It is the Company's practice to recognize interest and penalties related to uncertain tax positions in income tax expense.

The Company reported income tax recovery of \$2,285 for the three months ended August 31, 2025, and income tax expense of \$886 for the three months ended August 31, 2024. The income tax benefit in the current period varies from the US statutory income tax rate and prior year period primarily due to the geographical mix of earnings and losses with no tax benefit resulting from valuation allowances in certain jurisdictions.

**Note 18. Commitments and contingencies***Purchase and other commitments*

The Company has financial commitments on long-term debt, refer to Note 11 (Long-term debt), convertible notes, refer to Note 12 (Convertible debentures payable), material purchase commitments inclusive of multi-period sponsorship rights and construction commitments as follows:

	<b>Total</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Thereafter</b>
Long-term debt repayment	\$ 161,572	\$ 16,295	\$ 16,241	\$ 96,436	\$ 3,531	\$ 29,069
Convertible debentures payable	100,000	—	—	100,000	—	—
Material purchase obligations	73,691	41,073	26,580	6,038	—	—
Construction commitments	888	888	—	—	—	—
<b>Total</b>	<b>\$ 336,151</b>	<b>\$ 58,256</b>	<b>\$ 42,821</b>	<b>\$ 202,474</b>	<b>\$ 3,531</b>	<b>\$ 29,069</b>

*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.

There have been no material changes in the legal proceedings since our Annual Report on Form 10-K for the fiscal year ended May 31, 2025.

**Summary of litigation accruals**

As described in Note 10 (Accounts payable and accrued liabilities), the total estimated litigation expense accrual included in accrued liabilities as of August 31, 2025 and May 31, 2025 was \$12,021 and \$12,431, respectively. This estimated accrual is intended to cover various ongoing litigation matters with probable losses that can be reasonably estimated.

**Note 19. Net revenue**

The Company reports Net revenue in four reporting segments: beverage, cannabis, distribution, and wellness. Net revenue for the three months ended August 31, 2025 and August 31, 2024 were as follows:

	<b>For the three months ended</b>	
	<b>August 31,</b>	<b>August 31,</b>
	<b>2025</b>	<b>2024</b>
Beverage revenue	\$ 58,512	\$ 59,163
Beverage excise taxes	(2,773)	(3,191)
Net beverage revenue	55,739	55,972
Cannabis revenue	87,735	81,194
Cannabis excise taxes	(23,224)	(19,945)
Net cannabis revenue	64,511	61,249
Distribution revenue	74,007	68,071
Wellness revenue	15,244	14,752
Total	<u>\$ 209,501</u>	<u>\$ 200,044</u>

**Note 20. Cost of goods sold**

The Company reports Cost of goods sold in four reporting segments: beverage, cannabis, distribution, and wellness. Cost of goods sold for the three months ended August 31, 2025 and August 31, 2024 were as follows:

	<b>For the three months ended</b>	
	<b>August 31,</b>	<b>August 31,</b>
	<b>2025</b>	<b>2024</b>
Beverage costs	34,413	\$ 33,050
Cannabis costs	41,241	37,054
Distribution costs	66,008	60,138
Wellness costs	10,370	10,096
Total	<u>\$ 152,032</u>	<u>\$ 140,338</u>

**Note 21. General and administrative expenses**

General and administrative expenses for the three months ended August 31, 2025 and August 31, 2024 were as follows:

	<b>For the three months ended</b>	
	<b>August 31,</b>	<b>August 31,</b>
	<b>2025</b>	<b>2024</b>
Salaries and wages	\$ 21,736	21,567
Office and general	8,697	9,260
Stock-based compensation	5,052	6,917
Insurance	2,393	2,455
Professional fees	1,218	1,178
Gain on sale of capital assets	(241)	(26)
Travel and accommodation	1,312	1,493
Rent	886	1,269
Total	<u>\$ 41,053</u>	<u>\$ 44,113</u>

## Note 22. Restructuring charges

In connection with the integration of certain acquisitions and strategic transactions, the Company has incurred restructuring and exit costs in the amount of \$869 for the three months ended August 31, 2025, compared to \$4,247 for the prior year period. All restructuring plans are approved at the executive level, and their associated expenses are recognized in the period in which the plan is committed or otherwise incurred.

Within the Cannabis segment, during the three months ended August 31, 2025, the Company recognized \$692 of expenses related to employee termination severance and benefits associated with the reorganization of the Canadian cannabis commercial function. Additionally, the Company recognized \$177 of restructuring charges related to our decision to exit the New Zealand medical cannabis market announced during the fiscal year ended May 31, 2025.

During the fiscal year ended May 31, 2025, the Company accrued \$8,500 of restructuring charges related to the closure of Hop Valley and other Project 420 initiatives within the Beverage segment, of which \$1,249 was recognized in the three months ended August 31, 2025 thereby, reducing the accrual to \$7,251.

## Note 23. Non-operating income (expense), net

Non-operating income (expense), net for the three months ended August 31, 2025 and August 31, 2024 were as follows:

	For the three months ended	
	August 31, 2025	August 31, 2024
Change in fair value of warrant liability	(3,670)	696
Foreign exchange gain (loss)	6,928	11,881
(Loss) gain on long-term investments	39	(39)
Unrealized loss on digital assets	(8)	—
Other non-operating (losses) gains, net	543	108
Total	<u>\$ 3,832</u>	<u>\$ 12,646</u>

The other non-operating losses (gains), net for the three months ended August 31, 2025, were losses of \$543 which was mainly comprised of the \$495 gain resulting from the exchange transaction of the TLRY 27 Note, as described in Note 12 (Convertible debentures payable).

## Note 24. Financial risk management and financial instruments

### Financial instruments

The Company's classification of its financial instruments is described in Note 3 (Significant accounting policies) in the Notes to our Annual Financial Statements.

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.

On August 31, 2025 and May 31, 2025, the Company had long-term debt of \$2,437 and \$2,546, respectively, and the principal portion of convertible debentures payable of \$100,000 and \$105,000, respectively, subject to fixed interest rates. The Company's long-term debt is valued based on discounting the future cash outflows associated with the long-term debt. The discount rate is based on the incremental premium above market rates for the U.S. Department of the Treasury securities of similar duration. In each period thereafter, the incremental premium is held constant while the U.S. Department of the Treasury security is based on the then current market value to derive the discount rate.

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of August 31, 2025 and May 31, 2025 and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value:

	Level 1	Level 2	Level 3	August 31, 2025
<b>Financial assets</b>				
Cash and cash equivalents	\$ 264,828	\$ —	\$ —	\$ 264,828
Equity investments measured at fair value	995	1,017	8,160	10,172
Digital assets	992	—	—	992
<b>Financial liabilities</b>				
Warrant liability	—	—	(4,762)	(4,762)
Contingent consideration	—	—	—	—
Total recurring fair value measurements	<u>\$ 266,815</u>	<u>\$ 1,017</u>	<u>\$ 3,398</u>	<u>\$ 271,230</u>

	Level 1	Level 2	Level 3	May 31, 2025
<b>Financial assets</b>				
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
<b>Financial liabilities</b>				
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 three months ended August 31, 2025, 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 August 31, 2025:

	Quantity	Cost Basis	Fair Value	Cumulative Unrealized Gain (Loss)
Bitcoin	9.16	\$ 1,000	\$ 992	\$ (8)
Total digital assets	<u>9.16</u>	<u>\$ 1,000</u>	<u>\$ 992</u>	<u>\$ (8)</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.

The warrants associated with the warrant liability are classified as Level 3 derivatives. Consequently, the estimated fair value of the warrant liability is determined using the Black-Scholes pricing model. Until the warrants are exercised, expire, or other facts and circumstances lead the warrant liability to be reclassified to stockholders' equity, the warrant liability (which relates to warrants to purchase shares of Common Stock) is marked-to-market each reporting period with the change in fair value recorded as the change in fair value of warrant liability within the consolidated statements of loss and comprehensive loss. Any significant adjustments to the unobservable inputs disclosed in the table below would have a direct impact on the fair value of the warrant liability.

A portion of the consideration to be paid in connection with the Company's acquisition of Montauk Brewing Company ("Montauk") is contingent upon the achievement of certain financial measures as of December 2025. If achieved, such contingent consideration is payable in cash. During the three months ended August 31, 2025, the contingent consideration amount was estimated by applying a probability of achievement of 0% on the \$15,000 sales earn-out component and 0% on the remaining criteria, which is not expected to be achieved and as such resulted in a corresponding change in fair value of \$15,000 for the contingent consideration liability recognized. During the three months ended August 31, 2024, the contingent consideration amount was estimated by applying a probability of achievement of 100% on the \$15,000 sales earn-out component and 0% on the remaining criterion, which is not expected to be achieved. The unobservable inputs into the future expected cash outflows result in a fair value measurement classified as Level 3.

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 August 31, 2025:

	Equity Investments	Warrant Liability	Contingent Consideration
Balance, May 31, 2025	\$ 8,160	\$ (1,092)	\$ (15,000)
Unrealized gain (loss) on fair value	—	(3,670)	15,000
Balance, August 31, 2025	<u>\$ 8,160</u>	<u>\$ (4,762)</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 August 31, 2024:

	Convertible notes receivable	Equity Investments	Warrant Liability	Contingent Consideration	APHA 24 Convertible Debt
Balance, May 31, 2024	\$ 32,000	\$ 5,500	\$ (3,253)	\$ (15,000)	\$ (330)
Additions/(Repayments)	—	—	—	—	330
Unrealized gain (loss) on fair value	—	—	696	—	—
Balance, August 31, 2024	<u>\$ 32,000</u>	<u>\$ 5,500</u>	<u>\$ (2,557)</u>	<u>\$ (15,000)</u>	<u>\$ —</u>

The unrealized gain (loss) on fair value for the convertible debenture, the warrant liability, contingent consideration, and debt securities classified under available-for-sale method is recognized in the consolidated statements of loss and comprehensive loss using the following inputs:

Financial asset / financial liability	Valuation technique	Significant unobservable input	Inputs
Warrant liability	Black-Scholes	Volatility, expected life (in years)	50% 0.05
Contingent consideration	Discounted cash flows	Probability of achievement	0%
Equity investments	Discounted cash flows	Probability of achievement	70%

*Items measured at fair value on a non-recurring basis*

The Company's prepaids 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.

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 period. The Company considers its cash and cash equivalents and marketable securities as capital.

**Note 25. 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, as well as, produce operations which are managed by the cannabis team, 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 wellness and better-for-you foods and beverages. 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 three months ended	
	August 31, 2025	August 31, 2024
<b>Beverage</b>		
Net beverage revenue	\$ 55,739	\$ 55,972
Beverage costs	34,413	33,050
Beverage gross profit	<u>21,326</u>	<u>22,922</u>
<b>Cannabis</b>		
Net cannabis revenue	64,511	61,249
Cannabis costs	41,241	37,054
Cannabis gross profit	<u>23,270</u>	<u>24,195</u>
<b>Distribution</b>		
Distribution revenue	74,007	68,071
Distribution costs	66,008	60,138
Distribution gross profit	<u>7,999</u>	<u>7,933</u>
<b>Wellness</b>		
Wellness revenue	15,244	14,752
Wellness costs	10,370	10,096
Wellness gross profit	<u>4,874</u>	<u>4,656</u>
<b>Total</b>		
Total revenue	209,501	200,044
Total costs	152,032	140,338
<b>Total gross profit</b>	<u>\$ 57,469</u>	<u>\$ 59,706</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 three months ended	
	August 31, 2025	August 31, 2024
Gross profit	\$ 57,469	\$ 59,706
Operating expenses:		
General and administrative	41,053	44,113
Selling	12,923	11,690
Amortization	3,929	21,804
Marketing and promotion	10,155	11,566
Research and development	41	105
Change in fair value of contingent consideration	(15,000)	—
Litigation costs, net of recoveries	1,007	1,595
Restructuring costs	869	4,247
Transaction costs (income), net	400	1,156
Total operating expenses	<u>55,377</u>	<u>96,276</u>
Operating income (loss)	<u>2,092</u>	<u>(36,570)</u>
Interest expense, net	(6,696)	(9,842)
Non-operating income (expense), net	3,832	12,646
Loss before income taxes	(772)	(33,766)
Income tax expense (recovery), net	(2,285)	886
Net income (loss)	<u>\$ 1,513</u>	<u>\$ (34,652)</u>

Channels of Cannabis revenue were as follows:

	For the three months ended	
	August 31, 2025	August 31, 2024
Revenue from Canadian medical cannabis	\$ 6,146	\$ 6,261
Revenue from Canadian adult-use cannabis	64,067	57,235
Revenue from wholesale cannabis	4,155	5,507
Revenue from international cannabis	13,367	12,191
Less excise taxes	(23,224)	(19,945)
Total	<u>\$ 64,511</u>	<u>\$ 61,249</u>

Geographic net revenue:

	For the three months ended	
	August 31, 2025	August 31, 2024
USA	\$ 63,961	\$ 63,880
Canada	58,167	55,905
EMEA	85,253	77,672
Rest of World	2,120	2,587
<b>Total</b>	<b>\$ 209,501</b>	<b>\$ 200,044</b>

Geographic capital assets:

	August 31, 2025	May 31, 2025
USA	\$ 195,436	\$ 200,003
Canada	262,114	267,458
EMEA	99,109	97,371
Rest of World	3,498	3,601
<b>Total</b>	<b>\$ 560,157</b>	<b>\$ 568,433</b>

Major customers are defined as customers that are materially significant to the Company's annual revenues. For the three months ended August 31, 2025 and 2024, there were no major customers representing a material contribution to our quarterly revenues.

**Note 26. Subsequent Events**

Between September 5 and 15, 2025, certain holders elected to exercise an aggregate of 6,209,000 of the Company's issued and outstanding warrants in accordance with their terms. Pursuant to the exercise of such warrants, Tilray received \$2,108 of cash consideration and delivered 6,209,000 shares of common stock to such holders.

On October 9, 2025, Tilray entered into an assignment and assumption agreement with Double Diamond Holdings Ltd. ("DDH"), an Ontario corporation, pursuant to which, among other things, Tilray acquired from DDH a promissory note in the amount of \$14,821 (the "Note") payable by Aphria Diamond Inc. ("Aphria Diamond"). DDH is a joint venturer with Aphria Inc. (Tilray's wholly-owned subsidiary) in Aphria Diamond. As consideration for the Note, Tilray issued 8,617,068 shares of its Common Stock to DDH.