

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

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

	February 28, 2026	May 31, 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 204,620	\$ 221,666
Restricted cash	44,885	—
Marketable securities	15,312	34,697
Accounts receivable, net	118,372	121,489
Inventory	292,303	270,882
Prepays and other current assets	40,819	34,092
Assets held for sale	2,449	5,800
Total current assets	718,760	688,626
Capital assets	543,008	568,433
Operating lease, right-of-use assets	17,939	22,279
Digital assets	614	—
Intangible assets	23,343	21,423
Goodwill	752,350	752,350
Long-term investments	7,634	10,132
Other assets	11,074	11,084
Total assets	<u>\$ 2,074,722</u>	<u>\$ 2,074,327</u>
Liabilities		
Current liabilities		
Bank indebtedness	\$ 8,834	\$ 7,181
Accounts payable and accrued liabilities	223,996	235,322
Contingent consideration	—	15,000
Warrant liability	—	1,092
Current portion of lease liabilities	7,259	6,941
Current portion of long-term debt	17,453	14,767
Total current liabilities	257,542	280,303
Long - term liabilities		
Lease liabilities	60,282	64,925
Long-term debt	134,982	148,493
Convertible debentures payable	88,268	86,428
Deferred tax liabilities, net	7,877	3,748
Other liabilities	164	855
Total liabilities	549,115	584,752
Commitments and contingencies (refer to Note 19)		
Stockholders' equity		
Common stock (\$0.0001 par value; 1,416,000,000 common shares authorized; 116,546,939 and 106,067,875 common shares issued and outstanding, respectively) ¹	116	106
Treasury Stock (321,391 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	6,520,501	6,401,657
Accumulated other comprehensive loss	(44,198)	(43,063)
Accumulated deficit	(4,919,051)	(4,847,226)
Total Tilray Brands, Inc. stockholders' equity	1,557,368	1,511,474
Non-controlling interests	(31,761)	(21,899)
Total stockholders' equity	1,525,607	1,489,575
Total liabilities and stockholders' equity	<u>\$ 2,074,722</u>	<u>\$ 2,074,327</u>

¹ Current and prior year share amounts have been retrospectively adjusted to reflect the Reverse Stock Split (as defined below), which became effective on December 2, 2025. See Note 1 (Basis of presentation and summary of significant accounting policies).

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

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

	Three months ended		Nine months ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Net revenue	\$ 206,732	\$ 185,780	\$ 633,740	\$ 596,774
Cost of goods sold	151,778	133,769	463,820	423,837
Gross profit	54,954	52,011	169,920	172,937
Operating expenses:				
General and administrative	50,228	39,246	142,456	129,356
Selling	10,617	13,905	35,321	41,757
Amortization	5,106	23,182	13,393	67,913
Marketing and promotion	8,692	6,793	28,828	28,079
Research and development	62	85	181	250
Change in fair value of contingent consideration	—	—	(15,000)	—
Impairment of intangible assets and goodwill	—	699,235	—	699,235
Other than temporary change in fair value of convertible notes receivable	—	20,000	—	20,000
Litigation costs, net of recoveries	621	2,758	2,497	5,254
Restructuring costs	4,087	6,133	5,921	17,249
Transaction costs (income), net	1,927	605	2,896	2,563
Total operating expenses	81,340	811,942	216,493	1,011,656
Operating loss	(26,386)	(759,931)	(46,573)	(838,719)
Interest expense, net	(4,965)	(8,378)	(17,035)	(25,986)
Non-operating income (expense), net	8,092	(24,022)	(386)	(44,631)
Loss before income taxes	(23,259)	(792,331)	(63,994)	(909,336)
Income tax expense (recovery), net	1,974	1,203	3,235	4,125
Net loss	\$ (25,233)	\$ (793,534)	\$ (67,229)	\$ (913,461)
Total net income (loss) attributable to:				
Stockholders of Tilray Brands, Inc.	(26,572)	(789,436)	(71,825)	(913,943)
Non-controlling interests	1,339	(4,098)	4,596	482
Other comprehensive gain (loss), net of tax				
Foreign currency translation gain (loss)	(4,687)	(5,389)	(411)	(10,195)
Comprehensive loss	\$ (29,920)	\$ (798,923)	\$ (67,640)	\$ (923,656)
Total comprehensive income (loss) attributable to:				
Stockholders of Tilray Brands, Inc.	(31,477)	(794,414)	(72,960)	(923,379)
Non-controlling interests	1,557	(4,509)	5,320	(277)
Weighted average number of common shares - basic ¹	112,675,734	90,834,279	109,657,744	86,079,372
Weighted average number of common shares - diluted ¹	112,675,734	90,834,279	109,657,744	86,079,372
Net loss per share - basic ¹	\$ (0.24)	\$ (8.69)	\$ (0.65)	\$ (10.62)
Net loss per share - diluted ¹	\$ (0.24)	\$ (8.69)	\$ (0.65)	\$ (10.62)

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

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

net of cancellations	44,991	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	9,177	—	—	—	9,177
Comprehensive income (loss) for the period	—	—	—	—	—	(4,905)	(26,572)	1,557	(29,920)
Balance at February 28, 2026	<u>116,546,939</u>	<u>\$ 116</u>	<u>(321,391)</u>	<u>\$ —</u>	<u>\$ 6,520,501</u>	<u>\$ (44,198)</u>	<u>\$ (4,919,051)</u>	<u>\$ (31,761)</u>	<u>\$ 1,525,607</u>

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

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 nine months ended	
	February 28, 2026	February 28, 2025
Cash provided by (used in) operating activities:		
Net loss	\$ (67,229)	\$ (913,461)
Adjustments for:		
Deferred income tax (recovery) expense, net	3,235	2,686
Unrealized foreign exchange (gain) loss	(5,886)	30,725
Amortization	48,260	99,410
Accretion of convertible debt discount	5,977	8,751
Impairments	—	699,235
Other than temporary change in fair value of convertible notes receivable	—	20,000
Unrealized loss on digital assets	386	—
Other non-cash items	2,402	1,503
Stock-based compensation	31,060	18,189
Loss on long-term investments	4,449	5,540
Loss (gain) on derivative instruments	3,495	(2,896)
Change in fair value of contingent consideration	(15,000)	—
Change in non-cash working capital:		
Accounts receivable	3,117	321
Prepays and other current assets	(3,717)	(8,258)
Inventory	(21,421)	(5,577)
Accounts payable and accrued liabilities	(20,948)	(37,960)
Net cash used in operating activities	(31,820)	(81,792)
Cash provided by (used in) investing activities:		
Investment in capital and intangible assets	(22,838)	(26,586)
Proceeds from disposal of capital and intangible assets	1,798	833
Investment in digital assets	(1,000)	—
Sale (purchase) of marketable securities, net	19,385	(16,276)
Investment in long-term investments	(3,595)	—
Proceeds from long-term investments	1,629	—
Business acquisitions, net of cash acquired	—	(18,210)
Net cash used in investing activities	(4,621)	(60,239)
Cash provided by (used in) financing activities:		
Share capital issued, net of cash issuance costs	73,058	139,738
Cash paid in lieu fractional shares	(159)	—
Proceeds from warrants exercised	2,367	—
Proceeds from long-term debt	—	3,450
Repayment of long-term debt	(11,108)	(16,115)
Repayment of convertible debt	—	(330)
Repayment of lease liabilities	(2,991)	(2,586)
Net decrease in bank indebtedness	1,653	(7,293)
Net cash provided by financing activities	62,820	116,864
Effect of foreign exchange on cash and cash equivalents	1,460	(3,217)
Net increase (decrease) in cash and cash equivalents	27,839	(28,384)
Cash and cash equivalents, beginning of period	221,666	228,340
Cash and cash equivalents and restricted cash, end of period	\$ 249,505	\$ 199,956

Within the consolidated statements of cash flows, cash and cash equivalents includes \$44,885 of restricted cash as of February 28, 2026, and \$nil as of February 28, 2025.

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 February 28, 2026 (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 the full fiscal year.

The 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.

Restricted cash

We classify cash that is legally or contractually restricted as to withdrawal or usage as restricted cash. As of February 28, 2026, the Company reported \$44,885 of restricted cash related to the funds held in escrow in connection with the acquisition of BrewDog plc (“BrewDog”), which was completed on March 2, 2026. See Note 26 (Subsequent Events).

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 condensed interim consolidated financial statements of the Company and notes thereto have been retroactively adjusted to reflect the Reverse Stock Split for all prior periods presented.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing reported net 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 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 February 28, 2026 and February 28, 2025, the dilutive potential common share equivalents outstanding consisted of the following: 7,626,712 and 2,189,612 common shares from RSUs, 303,199 and 303,256 common shares from share options, nil and 620,900 common shares for warrants and 3,766,478 and 4,873,823 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.

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 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 unaudited interim consolidated financial statements.

Note 2. Inventory

Inventory consisted of the following:

	February 28, 2026	May 31, 2025
Beverage inventory	\$ 67,424	\$ 63,965
Cannabis plants	30,872	24,045
Dried cannabis	110,315	103,507
Cannabis derivatives	4,227	7,877
Cannabis vapes	1,747	1,860
Packaging and other inventory items	13,746	15,366
Distribution inventory	49,901	38,735
Wellness inventory	14,071	15,527
Total	<u>\$ 292,303</u>	<u>\$ 270,882</u>

Note 3. Capital assets

Capital assets consisted of the following:

	February 28, 2026	May 31, 2025
Land	\$ 45,535	\$ 44,529
Production facilities	422,586	407,650
Equipment	278,873	280,585
Leasehold improvements	21,459	20,415
Finance lease, right-of-use assets	38,792	40,308
Construction in progress	12,187	11,241
	<u>\$ 819,432</u>	<u>\$ 804,728</u>
Less: accumulated amortization	(276,424)	(236,295)
Total	<u>\$ 543,008</u>	<u>\$ 568,433</u>

Assets held for sale consisted of the following:

	February 28, 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>

During the three months ended February 28, 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. During the three months ended February 28, 2026, the Company also completed the sale of the Fort Collins asset group. The loss on the disposition of assets held for sale are recorded in the consolidated statement of loss.

Note 4. Leases

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

	Classification on Balance Sheet	February 28, 2026	May 31, 2025
Assets			
Finance lease, right-of-use assets	Capital assets	\$ 38,792	\$ 40,308
Operating lease, right-of-use assets	Operating lease, right-of-use assets	17,939	22,279
Total right-of-use assets		<u>\$ 56,731</u>	<u>\$ 62,587</u>
Liabilities			
Current:			
Current portion of finance lease liabilities	Current portion of lease liabilities	\$ 1,662	\$ 1,560
Current portion of operating lease liabilities	Current portion of lease liabilities	5,597	5,381
Non-current:			
Finance lease liabilities	Lease liabilities	43,226	44,295
Operating lease liabilities	Lease liabilities	17,056	20,630
Total lease liabilities		<u>\$ 67,541</u>	<u>\$ 71,866</u>

Included in total lease liabilities is \$985 related to disposal groups classified as held for sale. See Note 3 (Capital Assets).

The following table presents the future undiscounted payments associated with lease liabilities as of February 28, 2026:

	Operating leases	Finance leases
2026 (remaining three months)	\$ 1,943	\$ 1,131
2027	7,003	4,523
2028	5,923	4,523
2029	2,935	4,375
Thereafter	10,802	66,939
Total minimum lease payments	\$ 28,606	\$ 81,491
Imputed interest	(5,953)	(36,603)
Obligations recognized	<u>\$ 22,653</u>	<u>\$ 44,888</u>

Note 5. Intangible Assets

Intangible assets consisted of the following items:

	Customer relationships & distribution channel	Licenses, permits & applications	Intellectual property, trademarks, knowhow & brands	February 28, 2026
Cost	\$ 2,409	\$ 18,432	\$ 16,784	\$ 37,625
Accumulated amortization	(161)	(9,113)	(5,008)	(14,282)
Total	<u>\$ 2,248</u>	<u>\$ 9,319</u>	<u>\$ 11,776</u>	<u>\$ 23,343</u>

As of February 28, 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>

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

Expected future amortization expense for intangible assets as of February 28, 2026 is as follows:

	Amortization
2026 (remaining three months)	\$ 1,810
2027	7,240
2028	6,074
2029	2,580
2030	2,580
Thereafter	3,059
Total	<u>\$ 23,343</u>

Note 6. Goodwill

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

	February 28, 2026				
Cannabis Goodwill	\$ 2,640,669				
Accumulated impairment losses	(1,888,319)				
Total	\$ 752,350				

	Reporting Unit				May 31, 2025
	Beverage	Cannabis	Wellness	Distribution	
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	\$ —	\$ 752,350	\$ —	\$ —	\$ 752,350

During the fiscal quarter ended February 28, 2026, the Company 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.

In the prior year, during the fiscal quarter ended February 28, 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 and overall declines in the craft beer industry sector, the Company concluded that it was more likely than not, that the fair value of our reporting units were less than their carrying amounts. 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 \$570,000 of cannabis goodwill, \$100,000 of beverage goodwill, \$25,000 of wellness goodwill and \$4,235 of distribution goodwill for the three and nine months ended February 28, 2025. The non-cash charge had no impact on the Company's compliance with debt covenants at February 28, 2025, its cash flows or available liquidity.

In the Company's cannabis goodwill assessment performed during the three and nine months ended February 28, 2025, the Company used a discount rate of 12.00%, a terminal growth rate of 5%, and an average revenue growth rate of 34% over 5 years, based on an 88% and 40% 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 \$285,000 in impairment, a 1% decrease in the terminal growth rate would result in an additional \$210,000 in impairment, a 5% decrease in the average growth rate would result in an additional \$170,000 in impairment, a 5% decrease in the probability of EU cannabis legalization would result in an additional \$80,000 in impairment and a 5% decrease in the probability of US cannabis legalization would result in an additional \$7,000 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 performed during the three and nine months ended February 28, 2025, the Company used a discount rate of 9.25%, a terminal growth rate of 2%, and an average revenue growth rate of 12% over 5 years. A 1% increase in the discount rate would result in an additional \$70,000 in impairment, a 1% decrease in the terminal growth rate would result in an additional \$50,000 in impairment and a 1% decrease in the average growth rate would result in an additional \$40,000 in impairment.

In the Company's wellness goodwill assessment performed during the three and nine months ended February 28, 2025, the Company used a discount rate of 10.50%, a terminal growth rate of 2%, and an average revenue growth rate of 7% over 5 years. A 1% increase in the discount rate would result in an additional \$5,000 in impairment, a 1% decrease in the terminal growth rate would result in an additional \$3,000 in impairment and a 1% decrease in the average growth rate would result in an additional \$2,000 in impairment.

In the Company's distribution goodwill assessment performed during the three and nine months ended February 28, 2025, the Company recorded \$4,235 of impairments which brought the remaining distribution goodwill balance to \$nil.

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:

	Amount
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	1,884
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	1,320
Total liabilities	15,581
Total net assets acquired	22,979

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 and \$nil for the three and nine months ended February 28, 2026 and approximately \$nil and \$13,700 for the three and nine months ended February 28, 2025, respectively, and its consolidated net loss and comprehensive net loss would have increased by approximately \$nil and \$nil for the three and nine months ended February 28, 2026 and approximately \$nil and \$4,000 for the three and nine months ended February 28, 2025, 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:

	February 28, 2026	May 31, 2025
Equity investments measured at fair value	\$ 3,270	\$ 1,972
Equity investments under measurement alternative	4,364	8,160
Total	<u>\$ 7,634</u>	<u>\$ 10,132</u>

As of February 28, 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 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 February 28, 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 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 February 28, 2026, a total of €7,487 (\$8,834) 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 February 28, 2026, the Company has drawn \$nil on the revolving line of credit under the ABC Group Credit Agreement.

Note 10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of:

	February 28, 2026	May 31, 2025
Trade payables	\$ 115,333	\$ 107,348
Accrued liabilities	70,342	103,260
Litigation accruals	11,931	12,431
Accrued payroll and employment related taxes	12,702	1,436
Income taxes payable	—	58
Accrued interest	2,444	4,193
Sales taxes payable	11,244	6,596
Total	<u>\$ 223,996</u>	<u>\$ 235,322</u>

Note 11. Long-term debt

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

	February 28, 2026	May 31, 2025
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	\$ 35,770	\$ 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	10,647	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	8,660	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	57	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	1,924	2,020
Term loan - €3,500 - at 4.59%, 5-year term, repayable in monthly installments of €52 plus interest, due in August 2028	2,047	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	18,858	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	75,375	80,438
Carrying amount of long-term debt	153,338	164,124
Unamortized financing fees	(903)	(864)
Net carrying amount	152,435	163,260
Less principal portion included in current liabilities	(17,453)	(14,767)
Total non-current portion of long-term debt	\$ 134,982	\$ 148,493

Note 12. Convertible debentures payable

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

	February 28, 2026	May 31, 2025
5.20% Convertible Notes ("TLRY 27")	\$ 88,268	\$ 86,428
Deduct - current portion	—	—
Total convertible debentures payable, non current portion	\$ 88,268	\$ 86,428

TLRY 27 Notes

	February 28, 2026	May 31, 2025
5.20% Contractual debenture	\$ 172,500	\$ 172,500
Debt settlement	(72,500)	(67,500)
Unamortized discount	(11,732)	(18,572)
Net carrying amount	\$ 88,268	\$ 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 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 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 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 nine months ended February 28, 2026, the Company exchanged an aggregate \$5,000 of its TLRY 27 Notes for cancellation, by issuing 1,259,182 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 120,969 shares which were then returned as Treasury Stock. As of February 28, 2026 and May 31, 2025, a total of 2,231,884 and 2,343,478 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.

During the three and nine months ended February 28, 2026, the Company recognized interest expense of \$1,300 and \$3,923 and accretion of amortized discount interest of \$2,013 and \$5,977 respectively. During the three and nine months ended February 28, 2025, the Company recognized interest expense of \$1,957 and \$6,332 and accretion of amortized discount interest of \$2,766 and \$8,751 respectively.

As of February 28, 2026, 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

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 delivered 620,900 shares of common stock to such holders. As of February 28, 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.

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, and 10,000,000 shares of which are Preferred Stock (the "Preferred Stock"). As of February 28, 2026, the Company had issued and outstanding 116,546,939 shares of Common Stock, 321,391 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 nine months ended February 28, 2026, the Company had the following changes in shares of Common Stock:

- a) 6,777,224 shares of Common Stock were issued pursuant to its At-the-Market ("ATM") program, which generated gross proceeds of \$76,643 and net proceeds of \$73,056, after deducting \$3,587 in commissions and other fees associated with these issuances.
- b) 1,259,182 shares of Common Stock were issued 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 120,969 shares which were then returned as Treasury Stock, see Note 12 (Convertible debentures payable).
- c) 620,900 shares of Common Stock were issued to settle exercised warrants.
- d) 861,707 shares of Common Stock were issued to settle dividends payable to the non-controlling shareholders of Aphria Diamond in the amount of \$14,821.
- e) 980,703 shares of Common Stock were issued in connection with the exercise of previously awarded stock-based compensation awards, net of cancellations.
- f) 20,652 shares of Common Stock were cancelled pursuant to the treatment of fractional shares in connection with the Reverse Stock Split.

During the nine months ended February 28, 2026, the Company granted 4,554,321 time-based Restricted Stock Units ("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) an additional performance-based award 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 quarter ended February 28, 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's total stock-based compensation expense incurred for the three and nine months ended February 28, 2026 was \$13,725 and \$31,060 compared to \$4,035 and \$18,189 for the three and nine months ended February 28, 2025, respectively.

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

Note 15. Accumulated other comprehensive income (loss)

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

	Total Foreign currency translation gain (loss)
Balance May 31, 2024	\$ (43,499)
Other comprehensive income (loss)	3,622
Balance August 31, 2024	\$ (39,877)
Other comprehensive income (loss)	(8,080)
Balance November 30, 2024	\$ (47,957)
Other comprehensive income (loss)	(4,978)
Balance February 28, 2025	<u>\$ (52,935)</u>
Balance May 31, 2025	<u>\$ (43,063)</u>
Other comprehensive income (loss)	(167)
Balance August 31, 2025	\$ (43,230)
Other comprehensive income (loss)	3,937
Balance November 30, 2025	\$ (39,293)
Other comprehensive income (loss)	(4,905)
Balance February 28, 2026	<u>\$ (44,198)</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: Enroot (75%), 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 February 28, 2026:

	Enroot	Aphria Diamond	ColCanna S.A.S.	February 28, 2026
Current assets	\$ 202	\$ 75,233	\$ 2	\$ 75,437
Non-current assets	—	107,522	3,759	111,281
Current liabilities	(12)	(127,190)	(7,115)	(134,317)
Non-current liabilities	—	(31,504)	(1,442)	(32,946)
Net assets	<u>\$ 190</u>	<u>\$ 24,061</u>	<u>\$ (4,796)</u>	<u>\$ 19,455</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:

	SH Acquisition	CC Pharma Nordic ApS	Aphria Diamond	ColCanna S.A.S.	May 31, 2025
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 nine months ended February 28, 2026:

	Enroot	Aphria Diamond	ColCanna S.A.S.	February 28, 2026
Revenue	\$ 27	\$ 46,946	\$ —	\$ 46,973
Total expenses	37	37,696	(653)	37,080
Net (loss) income	(10)	9,250	653	9,893
Other comprehensive (loss) income	—	(72)	(422)	(494)
Net comprehensive (loss) income	\$ (10)	\$ 9,178	\$ 231	\$ 9,399
Non-controlling interest %	25%	49%	10%	NA
Comprehensive (loss) income attributable to NCI	(3)	4,497	23	4,517
Net comprehensive (loss) income attributable to NCI	\$ (3)	\$ 4,497	\$ 23	\$ 4,517

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 nine months ended February 28, 2025:

	SH Acquisition	CC Pharma Nordic ApS	Aphria Diamond	ColCanna S.A.S.	February 28, 2025
Revenue	\$ —	\$ —	\$ 53,608	\$ —	\$ 53,608
Total expenses	20,000	6	39,557	62	59,625
Net (loss) income	(20,000)	(6)	14,051	(62)	(6,017)
Other comprehensive (loss) income	—	3	(1,568)	127	(1,438)
Net comprehensive (loss) income	\$ (20,000)	\$ (3)	\$ 12,483	\$ 65	\$ (7,455)
Non-controlling interest %	32%	25%	49%	10%	NA
Comprehensive (loss) income attributable to NCI	(6,400)	(1)	6,117	7	(277)
Net comprehensive (loss) income attributable to NCI	\$ (6,400)	\$ (1)	\$ 6,117	\$ 7	\$ (277)

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 expense of \$1,974 and \$3,235 for the three and nine months ended February 28, 2026, and \$1,203 and \$4,125 for the three and nine months ended February 28, 2025. The income tax expense 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:

	Total	2026	2027	2028	2029	Thereafter
Long-term debt repayment	\$ 153,338	\$ 17,453	\$ 11,305	\$ 93,692	\$ 3,697	\$ 27,191
Convertible debentures payable	100,000	—	—	100,000	—	—
Material purchase obligations	61,930	32,529	29,401	—	—	—
Construction commitments	2,536	881	525	551	579	—
Total	\$ 317,804	\$ 50,863	\$ 41,231	\$ 194,243	\$ 4,276	\$ 27,191

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 or subsequent Quarterly Reports on Form 10-Q, except with respect to the legal proceedings disclosed below:

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. The defendants’ deadline to move, answer, or otherwise respond to the complaint is currently March 30, 2026. Tilray intends to vigorously defend against the claims asserted in the complaint. Based on the information available as of the date of this Quarterly Report, management does not believe that a loss is probable or reasonably estimable, and accordingly no accrual has been recorded.

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 February 28, 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.

Note 19. Net revenue

The Company reports Net revenue in four reporting segments: beverage, cannabis, distribution, and wellness. Net revenue for the three and nine months ended February 28, 2026 and three and nine months ended February 28, 2025 were as follows:

	For the three months ended		For the nine months ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Beverage revenue	\$ 44,524	\$ 58,009	\$ 156,588	\$ 184,033
Beverage excise taxes	(1,966)	(2,088)	(8,208)	(9,059)
Net beverage revenue	42,558	55,921	148,380	174,974
Cannabis revenue	83,835	72,982	261,778	241,384
Cannabis excise taxes	(19,007)	(18,708)	(64,907)	(60,209)
Net cannabis revenue	64,828	54,274	196,871	181,175
Distribution revenue	82,963	61,493	242,286	197,175
Wellness revenue	16,383	14,092	46,203	43,450
Total	\$ 206,732	\$ 185,780	\$ 633,740	\$ 596,774

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 and nine months ended February 28, 2026 and three and nine months ended February 28, 2025 were as follows:

	For the three months ended		For the nine months ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Beverage costs	28,977	35,986	97,741	\$ 106,961
Cannabis costs	38,858	32,275	121,497	111,804
Distribution costs	72,951	55,936	213,293	175,281
Wellness costs	10,992	9,572	31,289	29,791
Total	\$ 151,778	\$ 133,769	\$ 463,820	\$ 423,837

Note 21. General and administrative expenses

General and administrative expenses for the three and nine months ended February 28, 2026 and three and nine months ended February 28, 2025 were as follows:

	For the three months ended		For the nine months ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Salaries and wages	\$ 21,925	21,908	\$ 68,425	\$ 66,201
Office and general	9,916	7,385	26,897	26,103
Stock-based compensation	13,725	4,035	31,060	18,189
Insurance	1,894	2,942	6,743	8,552
Professional fees	1,090	1,352	3,342	3,656
Gain on sale of capital assets	(118)	(202)	(493)	(733)
Travel and accommodation	1,014	1,100	3,618	4,347
Rent	782	726	2,864	3,041
Total	\$ 50,228	\$ 39,246	\$ 142,456	\$ 129,356

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 \$4,087 and \$5,921 for the three and nine months ended February 28, 2026, compared to \$6,133 and \$17,249 for the three and nine months ended February 28, 2025. 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 nine months ended February 28, 2026, the Company incurred restructuring expenses totaling \$5,259. These charges included \$3,739 associated with the restructuring of the Quebec facility to transition from vegetable cultivation to cannabis cultivation in response to increased global cannabis demand, \$992 related to employee termination severance and benefits associated with the reorganization of the Canadian cannabis commercial function, and \$177 related to the wind-down of certain non-operating entities. Additionally, the Company recognized \$351 related to its Fort Collins, CO partially vacant warehouse that was previously held for sale and was divested during the three months ended February 28, 2026. See Note 3 (capital assets).

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 \$7,511 was recognized in the nine months ended February 28, 2026, thereby reducing the accrual to \$989. In addition, during the three and nine months ended February 28, 2026, the Company incurred \$662 of restructuring related expenses associated with Atwater Brewing, primarily related to the asset being classified as held for sale and additional facility restructuring activities. See Note 3 (Capital Assets).

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

Non-operating income (expense), net for the three and nine months ended February 28, 2026 and three and nine months ended February 28, 2025 were as follows:

	For the three months ended		For the nine months ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Change in fair value of warrant liability	\$ —	\$ 1,338	\$ (3,495)	\$ 2,896
Foreign exchange gain (loss)	12,469	(22,290)	9,070	(44,206)
(Loss) gain on long-term investments	(4,143)	(5,474)	(4,449)	(5,540)
Unrealized loss on digital assets	(214)	—	(386)	—
Other non-operating (losses) gains, net	(20)	2,404	(1,126)	2,219
Total	\$ 8,092	\$ (24,022)	\$ (386)	\$ (44,631)

The other non-operating losses (gains), net for the three and nine months ended February 28, 2026, were losses of \$20 and \$1,126, respectively, which were mainly comprised of a loss of \$1,501 on the change in fair value of assets held for sale related to the Fort Collins, CO partially vacant warehouse, as described in Note 3 (capital assets), offset by a gain of \$495 resulting from the exchange transaction of the TLRY 27 Note, as described in Note 12 (Convertible debentures payable).

The other non-operating (losses) gains, net for the three and nine months ended February 28, 2025, were gains of \$2,404 and \$2,219, respectively, and were mainly comprised of a \$3,111 gain resulting from the exchange transaction of the TLRY 27 Note.

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 February 28, 2026 and May 31, 2025, the Company had long-term debt of \$2,047 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 February 28, 2026 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	February 28, 2026
Financial assets				
Cash and cash equivalents	\$ 204,620	\$ —	\$ —	\$ 204,620
Restricted cash	44,885	—	—	44,885
Marketable securities	15,312	—	—	15,312
Equity investments measured at fair value	2,253	1,017	4,364	7,634
Digital assets	614	—	—	614
Total recurring fair value measurements	\$ 267,684	\$ 1,017	\$ 4,364	\$ 273,065

	Level 1	Level 2	Level 3	May 31, 2025
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	\$ 257,272	\$ 1,063	\$ (7,932)	\$ 250,403

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 nine months ended February 28, 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 February 28, 2026:

	Quantity	Cost Basis	Fair Value	Cumulative Unrealized Gain (Loss)
Bitcoin	9.16	\$ 1,000	\$ 614	\$ (386)
Total digital assets	9.16	\$ 1,000	\$ 614	\$ (386)

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 February 28, 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 three months ended February 28, 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. The valuation continues to assume a 70% probability of U.S. federal cannabis legalization, which is required for the option to become exercisable, as further described below.

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 three months ended February 28, 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 February 28, 2026:

	Equity Investments	Warrant Liability	Contingent Consideration
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, February 28, 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 February 28, 2025:

	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/(disposals)	(12,000)	8,160	—	—	330
Redemption	—	—	—	—	—
Unrealized gain (loss) on fair value	—	(5,500)	2,896	—	—
Impairments	(20,000)	—	—	—	—
Balance, February 28, 2025	<u>\$ —</u>	<u>\$ 8,160</u>	<u>\$ (357)</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:

Financial asset / financial liability	Valuation technique	Significant unobservable input	Inputs
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, assets held for sale, 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.

Capital and liquidity management

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, 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		For the nine months ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Beverage				
Net beverage revenue	\$ 42,558	\$ 55,921	\$ 148,380	\$ 174,974
Beverage costs	28,977	35,986	97,741	106,961
Beverage gross profit	<u>13,581</u>	<u>19,935</u>	<u>50,639</u>	<u>68,013</u>
Cannabis				
Net cannabis revenue	64,828	54,274	196,871	181,175
Cannabis costs	38,858	32,275	121,497	111,804
Cannabis gross profit	<u>25,970</u>	<u>21,999</u>	<u>75,374</u>	<u>69,371</u>
Distribution				
Distribution revenue	82,963	61,493	242,286	197,175
Distribution costs	72,951	55,936	213,293	175,281
Distribution gross profit	<u>10,012</u>	<u>5,557</u>	<u>28,993</u>	<u>21,894</u>
Wellness				
Wellness revenue	16,383	14,092	46,203	43,450
Wellness costs	10,992	9,572	31,289	29,791
Wellness gross profit	<u>5,391</u>	<u>4,520</u>	<u>14,914</u>	<u>\$ 13,659</u>
Total				
Total revenue	206,732	185,780	633,740	596,774
Total costs	151,778	133,769	463,820	423,837
Total gross profit	<u>\$ 54,954</u>	<u>\$ 52,011</u>	<u>\$ 169,920</u>	<u>\$ 172,937</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		For the nine months ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Gross profit	\$ 54,954	\$ 52,011	\$ 169,920	\$ 172,937
Operating expenses:				
General and administrative	50,228	39,246	142,456	129,356
Selling	10,617	13,905	35,321	41,757
Amortization	5,106	23,182	13,393	67,913
Marketing and promotion	8,692	6,793	28,828	28,079
Research and development	62	85	181	250
Change in fair value of contingent consideration	—	—	(15,000)	—
Impairment of intangible assets and goodwill	—	699,235	—	699,235
Other than temporary change in fair value of convertible notes receivable	—	20,000	—	20,000
Litigation costs, net of recoveries	621	2,758	2,497	5,254
Restructuring costs	4,087	6,133	5,921	17,249
Transaction costs (income), net	1,927	605	2,896	2,563
Total operating expenses	<u>81,340</u>	<u>811,942</u>	<u>216,493</u>	<u>1,011,656</u>
Operating loss	(26,386)	(759,931)	(46,573)	(838,719)
Interest expense, net	(4,965)	(8,378)	(17,035)	(25,986)
Non-operating income (expense), net	8,092	(24,022)	(386)	(44,631)
Loss before income taxes	(23,259)	(792,331)	(63,994)	(909,336)
Income tax expense (recovery), net	1,974	1,203	3,235	4,125
Net loss	<u>\$ (25,233)</u>	<u>\$ (793,534)</u>	<u>\$ (67,229)</u>	<u>\$ (913,461)</u>

Channels of Cannabis revenue were as follows:

	For the three months ended		For the nine months ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Revenue from Canadian medical cannabis	\$ 5,979	\$ 5,839	\$ 18,359	\$ 18,773
Revenue from Canadian adult-use cannabis	52,570	49,315	179,085	165,627
Revenue from wholesale cannabis	1,165	3,893	6,666	15,993
Revenue from international cannabis	24,121	13,935	57,668	40,991
Less excise taxes	(19,007)	(18,708)	(64,907)	(60,209)
Total	<u>\$ 64,828</u>	<u>\$ 54,274</u>	<u>\$ 196,871</u>	<u>\$ 181,175</u>

Geographic net revenue:

	For the three months ended		For the nine months ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
USA	\$ 51,683	\$ 64,420	\$ 173,482	\$ 200,053
Canada	48,221	45,930	160,561	158,555
EMEA	104,955	72,386	293,363	229,312
Rest of World	1,873	3,044	6,334	8,854
Total	<u>\$ 206,732</u>	<u>\$ 185,780</u>	<u>\$ 633,740</u>	<u>\$ 596,774</u>

Geographic capital assets:

	February 28, 2026	May 31, 2025
USA	\$ 188,500	\$ 200,003
Canada	251,645	267,458
EMEA	98,571	97,371
Rest of World	4,292	3,601
Total	<u>\$ 543,008</u>	<u>\$ 568,433</u>

Major customers are defined as customers that are materially significant to the Company's annual revenues. For the three and nine months ended February 28, 2026 and 2025, there were no major customers representing a material contribution to our quarterly revenues.

Note 26. Subsequent Events

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 located in Ellon, Aberdeenshire, Scotland (the "UK Brewery"), the on-line business, the retail business, 11 of the BrewDog strategic brewpubs in Scotland, England and Ireland and all the 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 purchase price was £33,000 (approximately \$44,100).

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 for a nominal consideration.

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 purchase price for BrewDog's U.S. assets is equal to \$9,296.

On March 23, 2026, the Company acquired 5 additional BrewDog brewpubs in Scotland and England for a purchase price of £348 (approximately \$466).