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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended February 28, 2026**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number: 001-38594**

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**TILRAY BRANDS, INC.**

(Exact Name of Registrant as Specified in its Charter)

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

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

**N8H 5L4**  
(Zip Code)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

As of March 30, 2026, the registrant had 116,548,663 shares of Common Stock, \$0.0001 par value per share issued and outstanding.

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## Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2026 (the “Form 10-Q”) contains forward-looking statements under Canadian securities laws and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are intended to be subject to the “safe harbor” created by those sections and other applicable laws. Such statements involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements under the Canadian securities laws and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are intended to be subject to the “safe harbor” created by those sections and other applicable laws. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “will,” “would,” “seek,” or “should,” or the negative or plural of these words or similar expressions or variations are intended to identify such forward-looking statements. Forward-looking statements include, among other things, our beliefs or expectations relating to our future performance, results of operations and financial condition; our intentions regarding our cost savings initiatives and our expected benefits from those initiatives; our strategic initiatives, business strategy, supply chain, brand portfolio, product performance and expansion efforts; our expectations regarding revenue for certain of our segments and trends for gross margin; our intentions regarding our capital structure and TLRY 27 Notes; current or future macroeconomic trends; industry trends; or legislative or regulatory changes, including our statements regarding the anticipated impact of Tariffs on our costs or opportunities presented by such changes on our growth; our statements regarding the consolidation of the Canadian cannabis industry; our expectations for higher margin sales by redirecting our Canadian cannabis inventory to international markets; our expectations for our positioning and cannabis market share in Europe and other markets; future corporate acquisitions and strategic transactions; and our synergies, cash savings and efficiencies anticipated from the integration of our completed acquisitions and strategic transactions.

Risks and uncertainties that may cause actual results to differ materially from forward-looking statements include, but are not limited to, those identified in this Form 10-Q and other risks and matters described in our most recent Annual Report on Form 10-K for the fiscal year ended May 31, 2025 as well as our other filings made from time to time with the U.S. Securities and Exchange Commission and in our Canadian securities filings.

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

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

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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
<b>Assets</b>		
<b>Current assets</b>		
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
<b>Total current assets</b>	<b>718,760</b>	<b>688,626</b>
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
<b>Total assets</b>	<b>\$ 2,074,722</b>	<b>\$ 2,074,327</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
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
<b>Total current liabilities</b>	<b>257,542</b>	<b>280,303</b>
<b>Long - term liabilities</b>		
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
<b>Total liabilities</b>	<b>549,115</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; 116,546,939 and 106,067,875 common shares issued and outstanding, respectively) <sup>1</sup>	116	106
Treasury Stock (321,391 and 200,422 treasury shares issued and outstanding, respectively) <sup>1</sup>	—	—
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)
<b>Total Tilray Brands, Inc. stockholders' equity</b>	<b>1,557,368</b>	<b>1,511,474</b>
Non-controlling interests	(31,761)	(21,899)
<b>Total stockholders' equity</b>	<b>1,525,607</b>	<b>1,489,575</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,074,722</b>	<b>\$ 2,074,327</b>

<sup>1</sup>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 <sup>1</sup>	112,675,734	90,834,279	109,657,744	86,079,372
Weighted average number of common shares - diluted <sup>1</sup>	112,675,734	90,834,279	109,657,744	86,079,372
Net loss per share - basic <sup>1</sup>	\$ (0.24)	\$ (8.69)	\$ (0.65)	\$ (10.62)
Net loss per share - diluted <sup>1</sup>	\$ (0.24)	\$ (8.69)	\$ (0.65)	\$ (10.62)

<sup>1</sup>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.

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

	Number of common shares <sup>1</sup>	Common Stock	Number of treasury shares <sup>1</sup>	Treasury stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated Deficit	Non- controlling interests	Total
Balance at May 31, 2024	83,192,537	\$ 83	—	\$ —	\$ 6,146,810	\$ (43,499)	\$ (2,660,488)	\$ 272	\$ 3,443,178
Share issuance - At-the-Market ("ATM") program	3,669,331	4	—	—	66,468	—	—	—	66,472
Share issuance - RSUs exercised	682,314	1	—	—	(1)	—	—	—	—
Share issuance - options exercised	301	—	—	—	—	—	—	—	—
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	87,544,483	\$ 88	—	\$ —	\$ 6,217,533	\$ (39,877)	\$ (2,699,653)	\$ 5,323	\$ 3,483,414
Share issuance - At-the-Market ("ATM") program	3,051,756	3	—	—	45,041	—	—	—	45,044
Share issuance - Repurchase of TLRY 27 convertible note	1,003,464	1	(368,261)	—	17,084	—	—	—	17,085
Share issuance - Settlement of equity component of TLRY 27 convertible note	—	—	—	—	(4,931)	—	—	—	(4,931)
Share issuance - Double Diamond Holdings dividend settlement	1,321,759	1	—	—	23,823	—	—	(23,824)	—
Share issuance - RSUs exercised	3,598	—	—	—	—	—	—	—	—
Share issuance - options exercised	735	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	7,237	—	—	—	7,237
Comprehensive loss for the period	—	—	—	—	—	(8,080)	(85,342)	(819)	(94,241)
Balance at November 30, 2024	92,925,795	93	(368,261)	—	6,305,787	(47,957)	(2,784,995)	(19,320)	3,453,608
Share issuance - At-the-Market ("ATM") program	2,639,994	3	—	—	28,219	—	—	—	28,222
Share issuance - Repurchase of TLRY 27 convertible note	2,713,677	3	(593,681)	—	26,440	—	—	—	26,443
Share issuance - Settlement of equity component of TLRY 27 convertible note	—	—	—	—	(7,442)	—	—	—	(7,442)
Share issuance - RSUs exercised	57,796	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	4,035	—	—	—	4,035
Disposal of SH Acquisition non-controlling interests	—	—	—	—	—	—	—	(3,840)	(3,840)
Comprehensive loss for the period	—	—	—	—	—	(4,978)	(789,436)	(4,509)	(798,923)
Balance at February 28, 2025	98,337,262	99	(961,942)	—	6,357,039	(52,935)	(3,574,431)	(27,669)	2,702,103
Balance at May 31, 2025	106,067,875	\$ 106	(200,422)	\$ —	\$ 6,401,657	\$ (43,063)	\$ (4,847,226)	\$ (21,899)	\$ 1,489,575
Share issuance - At-the-Market ("ATM") program	3,444,380	3	—	—	22,488	—	—	—	22,491
Share issuance - Repurchase of TLRY 27 convertible note	1,259,182	1	(120,969)	—	4,799	—	—	—	4,800
Share issuance - Settlement of equity component of TLRY 27 convertible note	—	—	—	—	(1,158)	—	—	—	(1,158)
Share issuance - RSUs exercised	1,057,680	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	111,829,117	\$ 111	(321,391)	\$ —	\$ 6,431,410	\$ (43,230)	\$ (4,847,548)	\$ (20,085)	\$ 1,520,658
Share issuance - At-the-Market ("ATM") program	3,332,844	3	—	—	50,562	—	—	—	50,565

Share issuance - RSUs exercised, net of cancellations	(121,968)	—	—	—	—	—	—	—	—
Share issuance - Warrant exercised	620,900	1	—	—	6,954	—	—	—	6,955
Share issuance - Double Diamond Holdings dividend settlement	861,707	1	—	—	14,821	—	—	(15,182)	(360)
Stock-based compensation	—	—	—	—	7,736	—	—	—	7,736
Comprehensive income (loss) for the period	—	—	—	—	—	3,937	(44,931)	1,949	(39,045)
Balance at November 30, 2025	<u>116,522,600</u>	<u>\$ 116</u>	<u>(321,391)</u>	<u>\$ —</u>	<u>\$ 6,511,483</u>	<u>\$ (39,293)</u>	<u>\$ (4,892,479)</u>	<u>\$ (33,318)</u>	<u>\$ 1,546,509</u>
Fractional shares cancelled pursuant to Reverse Stock Split	(20,652)	—	—	—	(159)	—	—	—	(159)
Share issuance - RSUs exercised, 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>

<sup>1</sup>Current and prior year share amounts have been retrospectively adjusted to reflect the Reverse Stock Split, which became effective on December 2, 2025. See Note 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)**

	<b>For the nine months ended</b>	
	<b>February 28, 2026</b>	<b>February 28, 2025</b>
<b>Cash provided by (used in) operating activities:</b>		
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	<u>(31,820)</u>	<u>(81,792)</u>
<b>Cash provided by (used in) investing activities:</b>		
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	<u>(4,621)</u>	<u>(60,239)</u>
<b>Cash provided by (used in) financing activities:</b>		
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	<u>62,820</u>	<u>116,864</u>
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	<u>\$ 249,505</u>	<u>\$ 199,956</u>

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
<b>Total</b>	<b>\$ 292,303</b>	<b>\$ 270,882</b>

**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
	<b>\$ 819,432</b>	<b>\$ 804,728</b>
Less: accumulated amortization	(276,424)	(236,295)
<b>Total</b>	<b>\$ 543,008</b>	<b>\$ 568,433</b>

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	—
<b>Total</b>	<b>\$ 2,449</b>	<b>\$ 5,800</b>

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
<b>Assets</b>			
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>
<b>Liabilities</b>			
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	<u>\$ 28,606</u>	<u>\$ 81,491</u>
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-compet 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:

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

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

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:

	<u>Amount</u>
<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 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:

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

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:

	<b>February 28, 2026</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	\$ 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	<u>153,338</u>	<u>164,124</u>
Unamortized financing fees	(903)	(864)
Net carrying amount	<u>152,435</u>	<u>163,260</u>
Less principal portion included in current liabilities	<u>(17,453)</u>	<u>(14,767)</u>
Total non-current portion of long-term debt	<u>\$ 134,982</u>	<u>\$ 148,493</u>

## 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 over-allotment, 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:

	<b>Total Foreign currency translation gain (loss)</b>
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	\$ (43,063)
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:

	<b>Enroot</b>	<b>Aphria Diamond</b>	<b>ColCanna S.A.S.</b>	<b>February 28, 2026</b>
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:

	<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 nine months ended February 28, 2026:

	<b>Enroot</b>	<b>Aphria Diamond</b>	<b>ColCanna S.A.S.</b>	<b>February 28, 2026</b>
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:

	<b>SH Acquisition</b>	<b>CC Pharma Nordic ApS</b>	<b>Aphria Diamond</b>	<b>ColCanna S.A.S.</b>	<b>February 28, 2025</b>
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	<u>\$ 317,804</u>	<u>\$ 50,863</u>	<u>\$ 41,231</u>	<u>\$ 194,243</u>	<u>\$ 4,276</u>	<u>\$ 27,191</u>

### Legal proceedings

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

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,	February 28,	February 28,	February 28,
	2026	2025	2026	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,	February 28,	February 28,	February 28,
	2026	2025	2026	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,	February 28,	February 28,	February 28,
	2026	2025	2026	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	<u>\$ 8,092</u>	<u>\$ (24,022)</u>	<u>\$ (386)</u>	<u>\$ (44,631)</u>

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
<b>Financial assets</b>				
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
<b>Total recurring fair value measurements</b>	<b>\$ 267,684</b>	<b>\$ 1,017</b>	<b>\$ 4,364</b>	<b>\$ 273,065</b>

	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)
<b>Total recurring fair value measurements</b>	<b>\$ 257,272</b>	<b>\$ 1,063</b>	<b>\$ (7,932)</b>	<b>\$ 250,403</b>

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)
<b>Total digital assets</b>	<b>9.16</b>	<b>\$ 1,000</b>	<b>\$ 614</b>	<b>\$ (386)</b>

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:

	<b>Equity Investments</b>	<b>Warrant Liability</b>	<b>Contingent Consideration</b>
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:

	<b>Convertible notes receivable</b>	<b>Equity Investments</b>	<b>Warrant Liability</b>	<b>Contingent Consideration</b>	<b>APHA 24 Convertible Debt</b>
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:

<b>Financial asset / financial liability</b>	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Inputs</b>
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
<b>Beverage</b>				
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>
<b>Cannabis</b>				
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>
<b>Distribution</b>				
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>
<b>Wellness</b>				
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>
<b>Total</b>				
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).

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

*This Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Unaudited Interim Consolidated Financial Statements and the related Notes thereto for the three month period ended February 28, 2026 contained in this Quarterly Report on Form 10-Q (“Form 10-Q”) and the Audited Consolidated Financial Statements and the related Notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended May 31, 2025, as well as in conjunction with the sections entitled “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended May 31, 2025 and in the section entitled “Item 1A. Risk Factors” in this Form 10-Q. Forward looking statements in this Form 10-Q are qualified by the cautionary statement included in this Form 10-Q under the sub-heading “Cautionary Note Regarding Forward-Looking Statements” in the introduction of this Form 10-Q.*

### **Company Overview**

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

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

## Trends and Other Factors Affecting Our Business

### ***Beverage market trends:***

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

- *Beverage Distribution.* In furtherance of our strategic vision, we remain focused on enhancing the relevance of our brands within their home markets with mission critical SKUs, focusing on growing our core brands in their core markets and on driving growth of our highest margin SKUs within these brands. Through targeted efforts, we continue to strategically optimize our price/pack/channel architecture and drive distribution to continue to execute against our craft beer strategy, streamlining our business, enhancing our relevance and focusing resources on our core markets. The 2026 preliminary Spring retail resets resulted in innovation gains in emerging categories.
- *Innovation.* In the United States, we have been closely monitoring consumer beverage trends, which have included consumers drinking less beverage alcohol products and, when consuming alcoholic beverages, the increasing demand for ready-to-drink cocktail options. To address these trends, we have engaged in strategic innovation based on category analysis, consumer insights, and portfolio diversification into alternative beverage options. For consumers seeking to reduce their beverage alcohol consumption, the portfolio continues to scale across non-alcoholic craft beer, clean-label energy drinks fortified with vitamins, and 10 Barrel Clean Slate, a functional non-alcoholic cocktail offering. Our other innovative products include Hemp Derived Delta-9 (HD-D9) beverages. Although new U.S. federal legislation was recently enacted that will restrict the production and sale of our HD-D9 beverages beginning in November 2026, we believe that new regulations could evolve prior to that date to permit continued sales of HD-D9 beverages. These strategic innovations underscore our commitment to offering high-quality options across a diverse range of beverage categories, positioning us for sustained growth by meeting consumer demand and differentiation in the competitive beverage segment.
- *Brew Pubs.* We currently operate 17 brew pubs, including our Breckenridge Distillery restaurant and tasting room, in geographic regions across the U.S. and core markets for the associated craft brands. An important part of our strategic plan for our craft beer business centers on the role that brew pubs play in promoting and showcasing the distinct, regional positioning of our various craft beer brands. They provide our consumers with a venue in which to connect with others and have an immersive brand experience which serves to enhance brand loyalty and drive immediate and long-term revenue growth. We also believe that our brew pub strategy fuels trial and innovation by allowing us to curate unique small batch product offerings in targeted test markets.

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

### ***Canadian cannabis market trends:***

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

- *Market share.* During the fiscal quarter, Tilray continued to lead the Canadian market with the highest cannabis revenue in Canada. However, during the fiscal quarter, we experienced a decrease in market share in Canada from 9.3% to 8.5% from the immediately preceding quarter as reported by Hifyre data for all provinces, excluding Quebec where Weedcrawler was deemed more accurate. The decline primarily reflected a 175 basis point decrease in the whole flower category resulting from a planned cultivation strain rotation that temporarily impacted supply, and a 728 basis point decrease in the straight-edge pre-roll category due to an out-of-stock experienced by a componentry vendor despite maintaining a market leading position within this category. These declines were partially offset by a 547 basis point increase in the blunts category. The Company continues to enhance its global supply chain and expand its cultivation footprint to support demand across Canadian and international markets. During the fiscal quarter ended February 28, 2025, the Company opportunistically redirected approximately 0.8 Metric Tons to international markets, which are expected to generate higher margin sales.
- *Consumer preferences and Price compression.* Licensed producer consolidation has progressed more gradually than anticipated, while retailer consolidation has increased the negotiating leverage of larger retailer accounts. At the same time, consumer preferences continue to evolve. Demand is shifting toward manufactured formats such as infused pre-rolls, beverages, edibles, and vapes, reflecting a broader premiumization and convenience trend within the category. Historical price compression in specific categories is expected to persist in the market, intensified by fierce competition among the approximately 1,000 Licensed Producers in Canada. The fixed impact of excise per gram, notwithstanding the decline in average selling prices, further compounds these challenges, and has promoted ongoing industry lobbying efforts.

### ***International cannabis trends:***

We are a global leader in the development, production, distribution, marketing and sale of pharmaceutical-grade medical cannabis products. The cannabis industry in Europe is still in its early stages of development and countries within Europe are at different stages of medical cannabis legalization. Meaningful progress in the legalization and regulation of cannabis for medical purposes, has now taken place in more than 21 countries representing a population of more than 526 million people (Germany, UK, Italy, Poland, Netherlands, Czech Republic, Greece, Portugal, Austria, Switzerland, Denmark, Croatia, Malta, Luxembourg, Ukraine, Sweden, Norway, Türkiye, Ireland, Spain and Israel). Beyond this, some countries have expressed a clear political ambition to legalize adult-use cannabis (Portugal and Luxembourg), some are engaging in programs for adult-use legalization (Germany, Netherlands, Malta, Czech Republic and Switzerland) and some are debating regulations for cannabinoid-based medicine (France). In Europe, we believe that, despite continuing recessionary economic conditions, political uncertainty in various countries and the continuing Russian conflict with Ukraine, cannabis legalization (both medicinal and adult-use) will continue to gain traction albeit more slowly than originally expected. This is evidenced by the cannabis regulations in Germany adopted on April 1, 2024, which we believe will serve as a catalyst for continued changes in drug policy throughout

Europe. Outside of Europe and North America, the cannabis industry is also continuing to develop with Australia representing one of the larger markets and with some Latin American countries also growing their respective medical cannabis markets, such as Argentina, Panama, Colombia and Brazil.

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

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

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

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

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

*United Kingdom.* Since November 2018, doctors in the UK have been able to prescribe medical cannabis for medicinal use for patients with medical conditions that had failed to respond to first-line medications. The market today is predominantly all self-pay and prescriptions are facilitated by private clinics. Today, we supply the UK market with mainly whole flower products from brands such as Good Supply through our distributor partners with sights on growing our portfolio to extracts and other formats.

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

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

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

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

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

### ***Wellness market trends:***

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

### **Acquisitions, Strategic Transactions and Synergies**

We strive to continue to expand our business, on a consolidated basis, through a combination of organic growth and acquisition. While we continue to execute against our strategic initiatives that we believe will result in long-term, sustainable growth and value to our stockholders, we continue to evaluate potential acquisitions and other strategic transactions of businesses that we believe complement our existing portfolio, infrastructure and capabilities or provide us with the opportunity to enter attractive new geographic markets and product categories as well as expand our existing capabilities. In addition, we have exited certain businesses and continue to evaluate certain businesses within our portfolio that are dilutive to profitability and cash flow. As a result, we incur transaction costs in connection with identifying and completing acquisitions and strategic transactions, as well as ongoing integration and restructuring costs as we combine acquired companies and continue to achieve synergies, which is offset by income generated in connection with the execution of these transactions. For the nine months ended February 28, 2026, we incurred \$2.9 million of transaction expenses, as discussed further below in the results of operations assessment.

### ***BrewDog Acquisitions:***

Subsequent to the period ended February 28, 2026, on March 2, 2026, Tilray UK, a wholly owned subsidiary of the Company, entered into 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 UK Brewery, the online 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 well known sub-brands such as Punk IPA, Hazy Jane, Wingman, Elvis Juice and Dead Pony Club. The purchase price was £33.0 million (approximately \$44.1 million).

In a separate transaction completed 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 \$9.3 million.

On March 23, 2026, the Company acquired 5 additional BrewDog brewpubs in Scotland and England for a purchase price of £0.3 million (approximately \$0.5 million). See Note 26 (Subsequent Events).

One of the world's most recognized names in craft beer, BrewDog is a brand-powered, vertically integrated beverage and hospitality platform. Founded in 2007, BrewDog quickly became one of the largest independent craft beer brands in the United Kingdom with its portfolio of iconic craft, premium and low and no alcohol beer brands, including Punk IPA, Hazy Jane, Lost Lager and Wingman. From its beginnings in the UK, it developed its strong global brand awareness through its global expansion via international breweries, localized brewpubs and strategic partnerships.

These acquisitions present an important step for the Company as it executes against its previously announced strategic initiative to expand its beverage platform into the international markets. The strong global awareness of the BrewDog brand, together with its international brewing infrastructure and experiential pubs, presents an opportunity for growth in the UK, Europe and previously untapped international markets, including the Asia Pacific region. Further, the acquisition of the BrewDog U.S. aligns with our "regional jewel" strategy as BrewDog has built a strong brand in Ohio, which supports and strengthens our presence in the Midwest and provides us with a highly visible presence in Las Vegas, including a flagship brewpub located on a premier stretch of the Las Vegas Strip.

### ***Beverage segment Project 420:***

In November 2020, we entered the beverage category with the acquisition of SweetWater Brewing Company, one of the largest independent craft brewers in the U.S. by volume, with the vision of creating a more diversified global lifestyle consumer products company.

This initial acquisition provided us with a foundation to pursue additional acquisitions in the beverage category and scale our business on a national basis. We acquired Alpine Beer Company, Green Flash and Breckenridge Distillery in December 2021, Montauk Brewing Company in November 2022, Craft Acquisition I in October 2023 and Craft Acquisition II in September 2024.

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

- SKU optimization/rationalization – In response to the declining growth in the craft beer industry and consolidation of distributors, we are working with our distributors in various markets to streamline our portfolio by eliminating duplicative, lower margin and slower growth products, which has the immediate effect of reducing revenue. However, by eliminating these slower moving and lower margin SKUs, we are able to focus our attention and resources on our higher margin and faster growing SKUs, as well as the introduction of new innovation, which we expect will accelerate our revenue growth in future quarters.
- Geographic rationalization – On a consolidated basis, we generate sales in all states however, our brands are significantly stronger in their home

markets. For example, SweetWater is located in Georgia and, as a result, its revenues are stronger in Georgia, Alabama, North Carolina and Florida, while 10 Barrel, which is located in Oregon has stronger revenue in Oregon, Washington, Idaho and Wyoming. In away markets, like Oregon for SweetWater, and Georgia for 10 Barrel, the brands are not as strong and so distribution is de-empathized. Our geographic rationalization works to concentrate our efforts in individual states with our strongest brands in those states. As we reduce the distribution of away markets brands in those states, we are working to increase the distribution and shelf space of home market brands. This initiative is consistent with our Regional Jewel strategy developed in conjunction with the Boston Consulting Group two years ago.

- Distributor rationalization – As a result of our various acquisitions in the last five years, we have over 750 distributors and 975 distributor shipping locations. As a result, we are shipping to multiple distributors in the same geography as well as splitting the allocation of local brands between multiple distributors. The goal of the distributor rationalization is to reduce our distributor footprint down to between 450 and 500 distributors, concentrating those distributors' effort on our brands and SKUs, while minimizing logistical complexities.
- Synergy optimization plan – We previously announced a \$33.0 million synergy plan focused on optimizing our production footprint and eliminating redundancies in manufacturing and warehouse assets. By integrating the newly acquired facilities into our existing footprint, we are optimizing capacities, utilization and better absorbing fixed overheads. This in turn is improving our gross margins. As of the fiscal quarter ended February 28, 2026, we have completed the synergy optimization plan achieving the \$33.0 million target. While this initiative is complete, management remains focused on disciplined cost management and continues to advance additional cost-saving initiatives across the business to drive further margin improvement and operating efficiency.
- Brand and business investment – We have been and are continuing to increase our investment in the marketing, promotion and infrastructure of our core brands in order to re-establish their dominance in their home markets. Our intention is to fund this investment through the cost savings and synergies achieved through Project 420.

It is important to note, however, that there is a lag between the discontinuation of the SKUs and the associated reduction in revenue, which has an immediate effect, and the acceleration of the growth of our existing SKUs and the introduction of new innovation and the associated increase in revenue, which takes time due to retailer resets. We also expect these efforts will lead to improved sales and margins, with benefits realized through lower selling costs, as well as reduced requirements for working capital through inventory reductions and an improvement in our cash conversion cycle.

## Political and Economic Environment

Our results of operations may continue to be affected by economic, political, legislative, regulatory, legal actions, global volatility and general market disruption resulting from geopolitical tensions, such as Russia's continued incursion into Ukraine, the ongoing events in the Middle East, including the conflict involving Iran, and political uncertainty in certain countries in Europe. Escalation of hostilities in the Middle East, including involving Iran, could further disrupt global energy markets, fuel prices, transportation networks, and supply chains, particularly in Europe, which may indirectly impact operating costs and consumer demand. Economic conditions, such as recessionary trends, inflation, supply chain disruptions, interest and monetary exchange rates, government fiscal policies, and the recent economic uncertainties resulting from certain changes in U.S. global economic policy, including changes on global trade policies can have a significant effect on operations. More specifically, there are no expected impacts on revenue from the recently enacted U.S. tariffs and foreign enacted retaliatory tariffs ("Tariffs"). From a cost perspective, we believe the recently enacted Tariffs could impact input materials such as aluminum, hops, barley, malt and vape componentry, which are partially imported but we intend to mitigate these impacts to the extent possible.

In addition, U.S. federal regulatory developments regarding cannabis rescheduling represent a significant shift in the political and legislative environment. This regulatory evolution is expected to create a more credible framework for medical cannabis research, clinical development, and compliance, aligning with Tilray's established global expertise in regulated medical cannabis markets; although, there are no assurances whether such rescheduling will be implemented as and when anticipated. The Company intends to leverage its proven compliance infrastructure, scientific knowledge, and operational scale to expand responsibly in the U.S. market, introducing medical-grade cannabis products in targeted therapeutic formats. While these developments present significant long-term growth opportunities, they also introduce new regulatory complexities and potential risks that we will continue to monitor closely.

## Reverse Stock Split

Effective December 2, 2025, we implemented a Reverse Stock Split of our outstanding shares of Common Stock, at a ratio of one-for-ten.

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, see Note 14 (Stockholder's equity) for additional details. 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 current and prior periods presented.

## Results of Operations

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

(in thousands of U.S. dollars)	For the three months ended				For the nine months ended			
	February 28,	February 28,	Change	% Change	February 28,	February 28,	Change	% Change
	2026	2025			2026	2025		
			2026 vs. 2025		2026	2025	2026 vs. 2025	
Net revenue	\$ 206,732	\$ 185,780	\$ 20,952	11%	\$ 633,740	\$ 596,774	\$ 36,966	6%
Cost of goods sold	151,778	133,769	18,009	13%	463,820	423,837	39,983	9%
Gross profit	54,954	52,011	2,943	6%	169,920	172,937	(3,017)	(2)%
Operating expenses:								
General and administrative	50,228	39,246	10,982	28%	142,456	129,356	13,100	10%
Selling	10,617	13,905	(3,288)	(24)%	35,321	41,757	(6,436)	(15)%
Amortization	5,106	23,182	(18,076)	(78)%	13,393	67,913	(54,520)	(80)%
Marketing and promotion	8,692	6,793	1,899	28%	28,828	28,079	749	3%
Research and development	62	85	(23)	(27)%	181	250	(69)	(28)%
Change in fair value of contingent consideration	—	—	—	NM	(15,000)	—	(15,000)	NM
Impairment of intangible assets and goodwill	—	699,235	(699,235)	(100)%	—	699,235	(699,235)	(100)%
Other than temporary change in fair value of convertible notes receivable	—	20,000	(20,000)	(100)%	—	20,000	(20,000)	(100)%
Litigation costs, net of recoveries	621	2,758	(2,137)	(77)%	2,497	5,254	(2,757)	(52)%
Restructuring costs	4,087	6,133	(2,046)	(33)%	5,921	17,249	(11,328)	(66)%
Transaction costs (income), net	1,927	605	1,322	219%	2,896	2,563	333	13%
Total operating expenses	81,340	811,942	(730,602)	(90)%	216,493	1,011,656	(795,163)	(79)%
Operating loss	(26,386)	(759,931)	733,545	(97)%	(46,573)	(838,719)	792,146	(94)%
Interest expense, net	(4,965)	(8,378)	3,413	(41)%	(17,035)	(25,986)	8,951	(34)%
Non-operating (expense) income, net	8,092	(24,022)	32,114	(134)%	(386)	(44,631)	44,245	(99)%
Loss before income taxes	(23,259)	(792,331)	769,072	(97)%	(63,994)	(909,336)	845,342	(93)%
Income tax expense (recovery), net	1,974	1,203	771	64%	3,235	4,125	(890)	(22)%

Net loss

\$ (25,233) \$ (793,534) \$ 768,301 (97)% \$ (67,229) \$ (913,461) \$ 846,232 (93)%

## Use of Non-GAAP Measures

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations in this Quarterly Report on Form 10-Q, we discuss non-GAAP financial measures, including references to:

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

These non-GAAP financial measures should be considered in addition to, and not in lieu of, the financial measures calculated and presented in accordance with generally accepted accounting principles in the United States of America, (“GAAP”). These financial measures, which may be different than similarly titled financial measures used by other companies, are presented to help investors’ overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Please see “Reconciliation of Non-GAAP Financial Measures to GAAP Measures” below for reconciliation of such non-GAAP financial measures to the most directly comparable GAAP financial measures, as well as a discussion of our adjusted gross margin, adjusted gross profit and adjusted EBITDA measures and the calculation of such measures.

### *Constant Currency Presentation*

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

### *Cash, restricted cash and Marketable Securities*

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

## Operating Metrics and Non-GAAP Measures

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

(in thousands of U.S. dollars)	For the three months ended		For the nine months ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Net beverage revenue	\$ 42,558	\$ 55,921	\$ 148,380	\$ 174,974
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
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
Adjusted gross profit (excluding PPA step-up) <sup>(1)</sup>	54,954	52,070	169,920	174,547
Beverage adjusted gross margin (excluding PPA step-up) <sup>(1)</sup>	32%	36%	34%	40%
Cannabis adjusted gross margin (excluding PPA step-up) <sup>(1)</sup>	40%	41%	38%	38%
Distribution gross margin	12%	9%	12%	11%
Wellness gross margin	33%	32%	32%	31%
Adjusted EBITDA <sup>(1)</sup>	\$ 10,715	\$ 9,040	\$ 29,261	\$ 27,391
Cash, restricted cash and marketable securities <sup>(1)</sup> as at the period ended:	264,817	248,414	264,817	248,414
Working capital as at the period ended:	\$ 461,218	\$ 424,115	\$ 461,218	\$ 424,115

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

## Segment Reporting

For the three and nine months ended February 28, 2026 and February 28, 2025, respectively, our reporting segments net revenue was comprised of net revenues from our beverage, cannabis, distribution, and wellness operations as follows:

(in thousands of U.S. dollars)	For the three months ended				For the nine months ended			
	February 28, 2026	February 28, 2025	Change	% Change	February 28, 2026	February 28, 2025	Change	% Change
	2026	2025	2026 vs. 2025		2026	2025	2026 vs. 2025	
Beverage business	\$ 42,558	\$ 55,921	\$ (13,363)	(24)%	\$ 148,380	\$ 174,974	\$ (26,594)	(15)%
Cannabis business	64,828	54,274	10,554	19%	196,871	181,175	15,696	9%
Distribution business	82,963	61,493	21,470	35%	242,286	197,175	45,111	23%
Wellness business	16,383	14,092	2,291	16%	46,203	43,450	2,753	6%
Total net revenue	\$ 206,732	\$ 185,780	\$ 20,952	11%	\$ 633,740	\$ 596,774	\$ 36,966	6%

For the three and nine months ended February 28, 2026 and February 28, 2025, respectively, our reporting segment net revenue on a constant currency<sup>(1)</sup> basis was as follows:

(in thousands of U.S. dollars)	For the three months ended as reported in constant currency				For the nine months ended as reported in constant currency			
	February 28, 2026	February 28, 2025	Change	% Change	February 28, 2026	February 28, 2025	Change	% Change
			2026 vs. 2025				2026 vs. 2025	
Beverage business	\$ 42,558	\$ 55,921	\$ (13,363)	(24)%	\$ 148,380	\$ 174,974	\$ (26,594)	(15)%
Cannabis business	60,257	54,274	5,983	11%	191,792	181,175	10,617	6%
Distribution business	73,969	61,493	12,476	20%	223,636	197,175	26,461	13%
Wellness business	16,051	14,092	1,959	14%	46,066	43,450	2,616	6%
<b>Total net revenue</b>	<b>\$ 192,835</b>	<b>\$ 185,780</b>	<b>\$ 7,055</b>	<b>4%</b>	<b>\$ 609,874</b>	<b>\$ 596,774</b>	<b>\$ 13,100</b>	<b>2%</b>

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

For the three and nine months ended February 28, 2026 and February 28, 2025, respectively, our geographic net revenue was as follows:

(in thousands of U.S. dollars)	For the three months ended as reported in constant currency				For the nine months ended as reported in constant currency			
	February 28, 2026	February 28, 2025	Change	% Change	February 28, 2026	February 28, 2025	Change	% Change
			2026 vs. 2025				2026 vs. 2025	
USA	\$ 51,683	\$ 64,420	\$ (12,737)	(20)%	\$ 173,482	\$ 200,053	\$ (26,571)	(13)%
Canada	48,221	45,930	2,291	5%	160,561	158,555	2,006	1%
EMEA	104,955	72,386	32,569	45%	293,363	229,312	64,051	28%
Rest of World	1,873	3,044	(1,171)	(38)%	6,334	8,854	(2,520)	(28)%
<b>Total net revenue</b>	<b>\$ 206,732</b>	<b>\$ 185,780</b>	<b>\$ 20,952</b>	<b>11%</b>	<b>\$ 633,740</b>	<b>\$ 596,774</b>	<b>\$ 36,966</b>	<b>6%</b>

For the three and nine months ended February 28, 2026 and February 28, 2025, respectively, our geographic net revenue on a constant currency<sup>(1)</sup> basis was as follows:

(in thousands of U.S. dollars)	For the three months ended as reported in constant currency				For the nine months ended as reported in constant currency			
	February 28, 2026	February 28, 2025	Change	% Change	February 28, 2026	February 28, 2025	Change	% Change
			2026 vs. 2025				2026 vs. 2025	
USA	\$ 51,683	\$ 64,420	(12,737)	(20)%	\$ 173,482	\$ 200,053	(26,571)	(13)%
Canada	46,018	45,930	88	0%	159,867	158,555	1,312	1%
EMEA	92,938	72,386	20,552	28%	269,337	229,312	40,025	17%
Rest of World	2,196	3,044	(848)	(28)%	7,188	8,854	(1,666)	(19)%
<b>Total net revenue</b>	<b>\$ 192,835</b>	<b>\$ 185,780</b>	<b>\$ 7,055</b>	<b>4%</b>	<b>\$ 609,874</b>	<b>\$ 596,774</b>	<b>\$ 13,100</b>	<b>2%</b>

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

As of February 28, 2026 and May 31, 2025, respectively, our geographic capital assets were as follows:

(in thousands of U.S. dollars)	February 28, 2026	May 31, 2025	Change	% Change
			2026 vs. 2025	
USA	\$ 188,500	\$ 200,003	\$ (11,503)	(6)%
Canada	251,645	267,458	(15,813)	(6)%
EMEA	98,571	97,371	1,200	1%
Rest of World	4,292	3,601	691	19%
<b>Total capital assets</b>	<b>\$ 543,008</b>	<b>\$ 568,433</b>	<b>\$ (25,425)</b>	<b>(4)%</b>

## Beverage revenue

Net revenue from our Beverage segment decreased to \$42.6 million and to \$148.4 million for the three and nine months ended February 28, 2026, compared to revenue of \$55.9 million and \$175.0 million for the prior year periods. The decline was primarily attributable to continued industry-wide challenges across the craft beer, spirits, and brewpub categories and broader competitive pressures, which resulted in lower volumes sold. Additionally, the decline was driven in part by margin-focused actions, which reduced net revenue by approximately \$3.0 million and \$13.6 million during the three and nine month periods, respectively. Lastly, the HD-D9 category was negatively impacted by U.S. federal legislation that was recently enacted which will restrict the future production and sale of our HD-D9 beverages and reduced net revenue by approximately \$1.0 million during the three and nine month periods, respectively.

For the three and nine months ended February 28, 2026, these impacts were partially offset by the inclusion of sales from Craft Acquisition II, effective September 1, 2024, which were not reflected in the full comparative period and would have increased the nine month revenue for the period ended February 28, 2025 by approximately \$13.6 million.

## Cannabis revenue

For the three and nine months ended February 28, 2026 and February 28, 2025, respectively, cannabis net revenue based on market channel was as follows:

(in thousands of US dollars)	For the three months ended				For the nine months ended			
	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change
Revenue from Canadian medical cannabis	\$ 5,979	\$ 5,839	\$ 140	2%	\$ 18,359	\$ 18,773	\$ (414)	(2)%
Revenue from Canadian adult-use cannabis	52,570	49,315	3,255	7%	179,085	165,627	13,458	8%
Revenue from wholesale cannabis	1,165	3,893	(2,728)	(70)%	6,666	15,993	(9,327)	(58)%
Revenue from international cannabis	24,121	13,935	10,186	73%	57,668	40,991	16,677	41%
Total cannabis revenue	83,835	72,982	10,853	15%	261,778	241,384	20,394	8%
Excise taxes	(19,007)	(18,708)	(299)	2%	(64,907)	(60,209)	(4,698)	8%
Total cannabis net revenue	\$ 64,828	\$ 54,274	\$ 10,554	19%	\$ 196,871	\$ 181,175	\$ 15,696	9%

For the three and nine months ended February 28, 2026 and February 28, 2025, respectively, cannabis net revenue based on market channel on a constant currency<sup>(1)</sup> basis was as follows:

(in thousands of US dollars)	For the three months ended as reported in constant currency				For the nine months ended as reported in constant currency			
	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change
Revenue from Canadian medical cannabis	\$ 5,706	\$ 5,839	\$ (133)	(2)%	\$ 18,260	\$ 18,773	\$ (513)	(3)%
Revenue from Canadian adult-use cannabis	50,170	49,315	855	2%	178,406	165,627	12,779	8%
Revenue from wholesale cannabis	1,112	3,893	(2,781)	(71)%	6,658	15,993	(9,335)	(58)%
Revenue from international cannabis	21,410	13,935	7,475	54%	53,137	40,991	12,146	30%
Total cannabis revenue	78,398	72,982	5,416	7%	256,461	241,384	15,077	6%
Excise taxes	(18,141)	(18,708)	567	(3)%	(64,669)	(60,209)	(4,460)	7%
Total cannabis net revenue	\$ 60,257	\$ 54,274	\$ 5,983	11%	\$ 191,792	\$ 181,175	\$ 10,617	6%

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

**Revenue from Canadian medical cannabis:** Gross revenue from Canadian medical cannabis increased to \$6.0 million and decreased to \$18.4 million for the three and nine months ended February 28, 2026 compared to gross revenue of \$5.8 million and \$18.8 million for the prior year periods, respectively. On a constant currency basis, gross revenue from Canadian medical cannabis decreased to \$5.7 million and to \$18.3 million for the three and nine months ended February 28, 2026, respectively. The decrease in gross revenue from medical cannabis, on a constant currency basis, was primarily driven by uninsured patient attrition to the adult-use recreational market, which was partially offset by new insured patient acquisition.

**Revenue from Canadian adult-use cannabis:** During the three and nine months ended February 28, 2026, our gross revenue from Canadian adult-use cannabis increased to \$52.6 million and to \$179.1 million, compared to gross revenue of \$49.3 million and \$165.6 million for the prior year periods, respectively. On a constant currency basis, our gross revenue from Canadian adult-use cannabis increased to \$50.2 million and increased to \$178.4 million for the three and nine months ended February 28, 2026, respectively. The currency adjusted increase in gross adult-use revenue for the three month period was primarily driven by a \$2.7 million increase in the traditional pre-roll category, reflecting the successful launch of innovation SKUs, including Good Supply Double Dutchies. This growth was partially offset by a \$2.1 million decline in the whole flower category, primarily due to the commencement of strain rotation within our cultivation program, which temporarily constrained supply. In addition, certain inventory was redirected to international markets, which would otherwise have generated approximately \$0.9 million of revenue in the Canadian market. For the nine month period, the currency adjusted increase in gross adult-use revenue was predominantly attributable to a \$7.3 million increase in traditional pre-rolls, driven by the aforementioned product innovations, and a \$1.7 million increase in whole flower sales, as the strain rotation did not begin until our third quarter. Notably, the Company has continued to invest in its cultivation footprint, including the decision to restart cultivation at its Quebec facility, to support growing demand in both the Canadian and international markets. Given the higher margins generally realized on international cannabis sales, the Company may, when advantageous, continue to allocate inventory to international markets, which could negatively impact Canadian adult-use and wholesale cannabis revenue in future periods as the Company continues to scale its infrastructure.

**Wholesale cannabis revenue:** Gross revenue from wholesale cannabis decreased to \$1.2 million and to \$6.7 million and for the three and nine months ended February 28, 2026, compared to gross revenue of \$3.9 million and \$16.0 million for the prior year periods respectively. On a constant currency basis, gross revenue from wholesale cannabis decreased to \$1.1 million and to \$6.7 million for the three and nine months ended February 28, 2026, respectively. Due to the transition by many licensed producers in the Canadian market to asset-light business models, the Canadian cannabis industry has experienced a reduction in excess inventory resulting in price increases in the B2B market. As a result of this shift in market dynamics and demand, we continue to evaluate the market and may opportunistically sell into the wholesale market where it makes sense. Specifically, during the three and nine months ended February 28, 2026, wholesale cannabis revenue declined compared to the prior year periods as the Company strategically redirected product to other markets, resulting in a 49% and 47% decrease in wholesale gram equivalents sold, respectively.

**International cannabis revenue:** Net revenue from International cannabis increased to \$24.1 million and to \$57.7 million for the three and nine months ended February 28, 2026, compared to net revenue of \$13.9 million and \$41.0 million for the prior year periods, respectively. On a constant currency basis, given the strengthening of the Euro against the U.S. Dollar when compared to the prior year quarter, net revenue from international cannabis increased to \$21.4 million and increased to \$53.1 million for the three and nine months ended February 28, 2026, respectively. The increase in net revenue from International cannabis markets during the three and nine months ended February 28, 2026, was primarily attributable to growth in the German medical cannabis market, which increased by \$4.0 million and \$9.8 million, respectively, the receipt of previously backlogged permits, and an enhanced supply chain. During the three month period, this growth was further supported by a \$4.4 million increase in Poland, driven by patient adoption of an in-person prescription model, and a \$1.7 million increase in the United Kingdom through our targeted expansion into emerging markets. Despite increased gram equivalents sold, international cannabis revenue was negatively impacted by price compression of approximately \$7.0 million and \$16.0 million for the three and nine months ended February 28, 2026, respectively. Notwithstanding this pricing pressure, international cannabis sales continue to generate higher margins than Canadian cannabis sales, and the Company remains focused on optimizing its product mix and geographic allocation to maximize profitability.

## **Distribution revenue**

Net revenue from our Distribution segment increased to \$83.0 million and increased to \$242.3 million for the three and nine months ended February 28, 2026, compared to revenue of \$61.5 million and \$197.2 million for the prior year periods, respectively. On a constant currency basis, given the change in the Euro and Argentine Peso against the U.S. Dollar in the fiscal quarter, revenue from Distribution increased to \$74.0 million and \$223.6 million for the three and nine months ended February 28, 2026, respectively. The increase in Distribution revenue for the three month period was primarily driven by a focus on competitive pricing, as evidenced by a 13% increase in average selling price, and a 7% increase in units sold, reflecting greater emphasis on higher-velocity SKUs, as well as favorable foreign exchange impacts. The increase in Distribution revenue for the nine month period was primarily attributable to a 4% increase in average selling price, an 11% increase in volume, and favorable foreign exchange impacts.

## **Wellness revenue**

Our Wellness segment net revenue increased to \$16.4 million and to \$46.2 million for the three and nine months ended February 28, 2026 compared to \$14.1 million and \$43.5 million from the prior year periods, respectively. On a constant currency basis for the three and nine months ended February 28, 2026, Wellness segment net revenue increased to \$16.1 million and to \$46.1 million, respectively. The increase in revenue was driven by our strategic focus on value-add innovations, including high protein super-seeds, better-for-you breakfast products, better-for-you snacking, and the continued success of our Hi-Ball clean energy drinks which contributed approximately \$0.5 million and \$2.6 million of incremental revenue during the three and nine months, respectively. In addition, the acquisition of Blue Sky Hemp Venture's customer list contributed to the growth of our ingredients sales channel by approximately \$1.1 million and \$3.0 million of incremental revenue during the three and nine month periods, respectively. The remaining Wellness portfolio contributed approximately \$0.6 million of revenue growth during the three month period, reflecting improved demand across certain product lines. However, for the nine month period, revenue from the remaining sales channels declined by approximately \$2.1 million, primarily due to a shift in one of our supply agreements within the Club retailer channel. We are actively addressing these challenges through targeted initiatives aimed at improving distribution, assortment optimization, and promotional execution across our Club and Retail sales channels.

## Gross profit, gross margin and adjusted gross margin<sup>(1)</sup> for our reporting segments

For the three and nine months ended February 28, 2026 and February 28, 2025, respectively, our gross profit and gross margin were as follows:

(in thousands of U.S. dollars)	For the three months ended				For the nine months ended			
	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change
<b>Beverage</b>								
Net revenue	\$ 42,558	\$ 55,921	\$ (13,363)	(24)%	\$ 148,380	\$ 174,974	\$ (26,594)	(15)%
Cost of goods sold	28,977	35,986	(7,009)	(19)%	97,741	106,961	(9,220)	(9)%
Gross profit	13,581	19,935	(6,354)	(32)%	50,639	68,013	(17,374)	(26)%
Gross margin	32%	36%	(4)%	(11)%	34%	39%	(5)%	(13)%
Purchase price accounting step-up	—	59	(59)	(100)%	—	1,610	(1,610)	(100)%
Adjusted gross profit (1)	13,581	19,994	(6,413)	(32)%	50,639	69,623	(18,984)	(27)%
Adjusted gross margin (1)	32%	36%	(4)%	(11)%	34%	40%	(6)%	(15)%
<b>Cannabis</b>								
Net revenue	64,828	54,274	10,554	19%	196,871	181,175	15,696	9%
Cost of goods sold	38,858	32,275	6,583	20%	121,497	111,804	9,693	9%
Gross profit	25,970	21,999	3,971	18%	75,374	69,371	6,003	9%
Gross margin	40%	41%	(1)%	(2)%	38%	38%	0%	0%
<b>Distribution</b>								
Net revenue	82,963	61,493	21,470	35%	242,286	197,175	45,111	23%
Cost of goods sold	72,951	55,936	17,015	30%	213,293	175,281	38,012	22%
Gross profit	10,012	5,557	4,455	80%	28,993	21,894	7,099	32%
Gross margin	12%	9%	3%	33%	12%	11%	1%	9%
<b>Wellness</b>								
Net revenue	16,383	14,092	2,291	16%	46,203	43,450	2,753	6%
Cost of goods sold	10,992	9,572	1,420	15%	31,289	29,791	1,498	5%
Gross profit	5,391	4,520	871	19%	14,914	13,659	1,255	9%
Gross margin	33%	32%	1%	3%	32%	31%	1%	3%
<b>Total</b>								
Net revenue	206,732	185,780	20,952	11%	633,740	596,774	36,966	6%
Cost of goods sold	151,778	133,769	18,009	13%	463,820	423,837	39,983	9%
Gross profit	54,954	52,011	2,943	6%	169,920	172,937	(3,017)	(2)%
Gross margin	27%	28%	(1)%	(4)%	27%	29%	(2)%	(7)%
Purchase price accounting step-up	—	59	(59)	(100)%	—	1,610	(1,610)	(100)%
Adjusted gross profit (1)	54,954	52,070	2,884	6%	169,920	174,547	(4,627)	(3)%
Adjusted gross margin (1)	27%	28%	(1)%	(4)%	27%	29%	(2)%	(7)%

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

*Beverage gross margin:* For the three and nine months ended February 28, 2026, our beverage segment generated gross margin of 32% and 34%, respectively, which decreased from 36% and 39% generated in the prior year periods, respectively. Adjusted gross margin was 32% and 34%, which decreased from 36% and 40% generated in the prior year periods, respectively. The change in the beverage gross margin and adjusted beverage gross margin for the three and nine months ended February 28, 2026 was driven by several factors, including our Craft Acquisition II, which historically has operated at a lower gross margin of approximately 25%, declining overhead utilization as our revenue levels have declined, higher input costs and timing delays in realizing the full benefits of our Project 420 cost savings initiatives. Additionally, increased discounting to support sales volume resulted in discounts of 7.2% for the three month period compared to 4.7% in the prior quarter, and 6.6% for the nine month period compared to 4.1% in the prior year period, which negatively impacted margins and was partially offset by reductions in marketing expenditures.

*Cannabis gross margin:* For the three and nine months ended February 28, 2026, our cannabis segment generated gross margin of 40% and 38%, respectively, which decreased from 41% and remained consistent at 38% generated in the prior year periods, respectively. Although both cannabis net revenue and gross profit increased during the three and nine month periods, gross margin remained largely unchanged. This was primarily due to price compression in international markets, which negatively impacted international cannabis revenue during the three and nine month periods by approximately \$7.0 million and \$16.0 million, respectively, despite having increased the gram equivalents sold.

*Distribution gross margin:* For the three and nine months ended February 28, 2026, our distribution segment generated gross margin of 12% and 12%, respectively, which increased from 9% and 11% generated in the prior year periods, respectively. The increase was primarily attributable to a favorable change in product mix, as evidenced by increases in average selling price of approximately 13% and 4% during the three and nine month periods, respectively, as well as initiatives undertaken to reduce input costs.

*Wellness gross margin:* For the three and nine months ended February 28, 2026, our wellness segment generated gross margin of 33% and 32%, respectively, which increased from 32% and 31% in the prior year periods, respectively. Gross margin remained relatively consistent period over period as strategic price increases largely offset unfavorable changes in sales mix.

## Operating expenses

During the three and nine months ended February 28, 2026 and February 28, 2025, respectively, the changes in operating expenses were as follows:

(in thousands of US dollars)	For the three months ended				For the nine months ended			
	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change
General and administrative	\$ 50,228	\$ 39,246	\$ 10,982	28%	\$ 142,456	\$ 129,356	\$ 13,100	10%
Selling	10,617	13,905	(3,288)	(24)%	35,321	41,757	(6,436)	(15)%
Amortization	5,106	23,182	(18,076)	(78)%	13,393	67,913	(54,520)	(80)%
Marketing and promotion	8,692	6,793	1,899	28%	28,828	28,079	749	3%
Research and development	62	85	(23)	(27)%	181	250	(69)	(28)%
Change in fair value of contingent consideration	—	—	—	NM	(15,000)	—	(15,000)	NM
Impairment of intangible assets and goodwill	—	699,235	(699,235)	(100)%	—	699,235	(699,235)	(100)%
Other than temporary change in fair value of convertible notes receivable	—	20,000	(20,000)	(100)%	—	20,000	(20,000)	(100)%
Litigation costs, net of recoveries	621	2,758	(2,137)	(77)%	2,497	5,254	(2,757)	(52)%
Restructuring costs	4,087	6,133	(2,046)	(33)%	5,921	17,249	(11,328)	(66)%
Transaction costs (income), net	1,927	605	1,322	219%	2,896	2,563	333	13%
Total operating expenses	<u>\$ 81,340</u>	<u>\$ 811,942</u>	<u>\$ (730,602)</u>	<u>(90)%</u>	<u>\$ 216,493</u>	<u>\$ 1,011,656</u>	<u>\$ (795,163)</u>	<u>(79)%</u>

Operating expenses are comprised of general and administrative, selling, amortization, marketing and promotion, research and development, change in fair value of contingent consideration, impairment of intangible assets and goodwill, other than temporary changes in fair value of convertible notes receivable, litigation costs, net of recoveries, restructuring costs and transaction costs (income), net. For the three and nine months ended February 28, 2026, operating expenses decreased by \$730.6 million and by \$795.2 million to \$81.3 million and \$216.5 million when compared to \$811.9 million and \$1,011.7 million for the prior year periods, respectively. These decreases were primarily attributable to \$699.2 million of non-cash impairments of goodwill and intangible assets and a \$20.0 million other-than-temporary decrease in the fair value of the MedMen convertible note recorded in the prior year quarter, which did not repeat in the current period. In addition, the nine month period ended February 28, 2026, had lower amortization expense following the intangible asset impairment recorded during the fiscal quarter ended May 31, 2025, a \$15.0 million gain related to the change in fair value of the Montauk contingent consideration, and lower selling and non-recurring litigation, and restructuring costs. These decreases were partially offset by higher general and administrative costs.

## General and administrative costs

During the three and nine months ended February 28, 2026 and February 28, 2025, respectively, the changes in general and administrative costs when compared to the prior year period were as follows:

(in thousands of US dollars)	For the three months ended				For the nine months ended			
	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change
Salaries and wages	\$ 21,925	\$ 21,908	\$ 17	0%	\$ 68,425	\$ 66,201	\$ 2,224	3%
Office and general	9,916	7,385	2,531	34%	26,897	26,103	794	3%
Stock-based compensation	13,725	4,035	9,690	240%	31,060	18,189	12,871	71%
Insurance	1,894	2,942	(1,048)	(36)%	6,743	8,552	(1,809)	(21)%
Professional fees	1,090	1,352	(262)	(19)%	3,342	3,656	(314)	(9)%
Gain on sale of capital assets	(118)	(202)	84	(42)%	(493)	(733)	240	(33)%
Travel and accommodation	1,014	1,100	(86)	(8)%	3,618	4,347	(729)	(17)%
Rent	782	726	56	8%	2,864	3,041	(177)	(6)%
<b>Total general and administrative costs</b>	<b>\$ 50,228</b>	<b>\$ 39,246</b>	<b>\$ 10,982</b>	<b>28%</b>	<b>\$ 142,456</b>	<b>\$ 129,356</b>	<b>\$ 13,100</b>	<b>10%</b>

Salaries and wages remained consistent and increased by 3% during the three and nine months ended February 28, 2026, when compared to the prior year periods. Included in salaries and wages for the three and nine months ended February 28, 2026, were \$0.5 million and \$2.3 million, respectively, of retention payments compared to \$1.5 million and \$3.2 million for the prior year period, respectively. Additionally, period-over-period variability was also impacted by changes in estimates related to discretionary compensation accruals.

Office and general increased by 34% and by 3% during the three and nine months ended February 28, 2026, when compared to the prior year period respectively. The increase in the three and nine months ended February 28, 2026 was primarily due to a \$0.7 million increase in bad debt provisions within the distribution business, the inclusion of a full period of costs related to Craft Acquisition II, which was effective September 1, 2024 and contributed approximately \$0.6 million to the period-over-period variance, and the absence of a \$0.3 million property tax refund recorded in the prior year quarter.

The Company recognized stock-based compensation expense of \$13.7 million and \$31.1 million for the three and nine months ended February 28, 2026, compared to \$4.0 million and \$18.2 million for the prior year period respectively. Stock-based compensation expense is primarily driven by time-based vesting schedules and may vary based on assumptions used in valuation and vesting models. The increase during the three and nine month periods was primarily due to the recognition of expense related to performance-based awards following the establishment and approval of their performance criteria during the second fiscal quarter. As a result, performance-based awards contributed approximately \$6.3 million and \$12.1 million of expense during the three and nine month periods, respectively. Stock based compensation expense in the prior year periods was lower primarily due to the cancellation of certain performance-based awards.

Insurance expense decreased by 36% and by 21% for the three and nine months ended February 28, 2026 to \$1.9 million and \$6.7 million from \$2.9 million and \$8.6 million for the prior year period, respectively due to lower premiums as a result of management's decision to self-insure a portion of our property and casualty insurance.

Rent expense increased by 8% and decreased by 6% for the three and nine months ended February 28, 2026 to \$0.8 million and \$2.9 million compared to \$0.7 million and \$3.0 million for the prior year periods, respectively. Rent expense is predominantly comprised of operating lease expenses for our brew pubs and office spaces and varies period-over-period based on lease amortization schedules and common area maintenance costs.

### **Selling costs**

For the three and nine months ended February 28, 2026, the Company incurred selling costs of \$10.6 million or 5% of net revenue and \$35.3 million or 6% of net revenue as compared to \$13.9 million or 7% of net revenue and \$41.8 million or 7% of net revenue in the prior year period respectively. These costs relate to third-party shipping costs for all segments, in addition to distributor commission incurred by the cannabis segment, Health Canada cannabis fees, and patient acquisition and maintenance costs. The decrease in selling costs for the three and nine months ended February 28, 2026 was primarily driven by lower freight costs in the beverage segment resulting from Project 420 cost-saving initiatives, which improved freight as a percentage of sales by approximately 90 and 144 basis points for the three and nine month periods, respectively. In addition, lower freight costs in the Canadian cannabis segment following contract renegotiations improved freight as a percentage of sales by approximately 180 and 210 basis points for the three and nine month periods, respectively, and were further supported by lower commission rates in the Canadian cannabis sales channels.

### **Amortization**

The Company incurred non-production related amortization charges of \$5.1 million and \$13.4 million for the three and nine months ended February 28, 2026, compared to \$23.2 million and \$67.9 million in the prior year periods, respectively, based on depreciable capital and intangible assets useful lives. The decrease in the amortization expense is due to the lower carrying value of intangible assets as a result of the impairment charges recognized during the fiscal year ended May 31, 2025.

### **Marketing and promotion costs**

For the three and nine months ended February 28, 2026, the Company incurred marketing and promotion costs of \$8.7 million and \$28.8 million compared to \$6.8 million and \$28.1 million for the prior year periods, respectively and was driven by variability in discretionary marketing spend.

### **Research and development**

Research and development costs were \$0.1 million and \$0.2 million during the three and nine months ended February 28, 2026, compared to \$0.1 million and \$0.3 million in the prior year periods, respectively. These costs relate to external expenditures associated with the development of new products.

### **Change in fair value of contingent consideration**

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

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

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

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

### **Impairments**

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 period, 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 is more likely than not, that the fair value of our reporting units were less than their carrying amounts as of February 28, 2025. Accordingly, the Company utilized the income approach, which uses future discounted cash flows, to determine the fair value of each reporting unit. As a result, the Company recorded non-cash impairment charges of \$570.0 million of cannabis goodwill, \$100.0 million of beverage goodwill, \$25.0 million of wellness goodwill and \$4.2 million of distribution goodwill for the three and nine months ended February 28, 2025. The non-cash impairment charge had no impact on the Company's compliance with debt covenants, 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 \$285.0 million in impairment, a 1% decrease in the terminal growth rate would result in an additional \$210.0 million in impairment, a 5% decrease in the average growth rate would result in an additional \$170.0 million in impairment, a 5% decrease in the probability of EU cannabis legalization would result in an additional \$80.0 million in impairment and a 5% decrease in the probability of US cannabis legalization would result in an additional \$7.0 million in impairment. Changes to those probabilities resulting in continued delays in or cessation of legalization of cannabis within the United States and internationally, or adverse regulatory changes to existing legislation, could have an unfavorable impact on the estimated future cash flows, and ultimately, the fair value of the cannabis reporting unit, which may result in a material impairment expense recognized in future reporting periods.

In the Company's beverage goodwill assessment 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 \$70.0 million in impairment, a 1% decrease in the terminal growth rate would result in an additional \$50.0 million in impairment and a 1% decrease in the average growth rate would result in an additional \$40.0 million 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 \$5.0 million in impairment, a 1% decrease in the terminal growth rate would result in an additional \$3.0 million in impairment and a 1% decrease in the average growth rate would result in an additional \$2.0 million in impairment.

In the Company's distribution goodwill assessment performed during the three and nine months ended February 28, 2025, the Company recorded \$4.2 million of impairments which brought the remaining distribution goodwill balance to \$nil.

#### **Other than temporary write-down of convertible notes receivable**

For the three and nine months ended February 28, 2026, the Company no longer held MedMen Convertible Notes, and thus did not recognize any further changes in fair value.

During the three and nine months ended February 28, 2025, the Company recognized an other-than-temporary change in fair value, which resulted in a non-cash expense of \$20.0 million and \$20.0 million. The MedMen Convertible Note was valued based upon the estimated fair value of the collateral assets net of estimated disposal costs and has been reduced to reflect recent developments in restructuring efforts.

Subsequent to the impairment recorded during the three and nine months ended February 28, 2025, MedMen exited receivership and substantially all of its remaining assets were transferred to a new entity owned by MedMen's secured creditors, including SH Acquisition. In connection with the foregoing, the Company disposed of its MedMen Convertible Note in exchange for an option to acquire a 68% membership interest in SH Acquisition for \$1.00 upon U.S. federal cannabis legalization. See Note 8 (Long-term investments). This option was recorded as a Level 3 equity investment measured at fair value by assessing the discounted cash flows of SH Acquisition.

## Litigation costs, net of recoveries

For the three and nine months ended February 28, 2026, the Company recorded \$0.6 million and \$2.5 million of litigation settlements costs and third-party fees incurred in defending these claims, net of favorable recoveries compared to \$2.8 million and \$5.3 million in the prior year period respectively. The decrease is related to period-to-period variability as litigation and settlement costs are non-recurring in nature.

## Restructuring costs

In connection with the integration of certain acquisitions and strategic transactions, the Company has incurred restructuring and exit costs in the amount of \$4.1 million and \$5.9 million for the three and nine months ended February 28, 2026, compared to \$6.1 million and \$17.2 million for the prior year period respectively. All restructuring plans are approved at the executive level, and their associated expenses are recognized in the period in which the plan is committed or otherwise incurred.

Within the Cannabis segment, during the nine months ended February 28, 2026, the Company incurred restructuring expenses totaling \$5.2 million. These charges included \$3.7 million associated with the restructuring of the Quebec facility to transition from vegetable cultivation to cannabis cultivation in response to increased global cannabis demand, \$1.0 million related to employee termination severance and benefits associated with the reorganization of the Canadian cannabis commercial function, and \$0.2 million related to the wind-down of certain non-operating entities. Additionally, the Company recognized \$0.3 million 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 \$8.5 million of restructuring charges related to the closure of Hop Valley and other Project 420 initiatives within the Beverage segment, of which \$7.5 million was recognized in nine months ended February 28, 2026, thereby reducing the accrual to \$1.0 million. In addition, during the three and nine months ended February 28, 2026, the Company incurred \$0.7 million of restructuring related expenses associated with the Atwater Brewery, primarily related to the asset being classified as held for sale and additional facility restructuring activities. See Note 3 (Capital Assets).

## Transaction (income) costs, net

Transaction (income) costs, net, include non-recurring acquisition related income and expenses, related legal, financial advisor and due diligence cost and expenses and transaction related compensation. For the three and nine months ended February 28, 2026, transaction (income) costs increased to \$1.9 million and \$2.9 million from \$0.6 million and \$2.6 million for the prior year periods, respectively. During the three and nine months ended February 28, 2026, transaction costs were primarily attributable to \$1.2 million of legacy HEXO pre-acquisition tax settlements and \$0.6 million of due diligence costs associated with ongoing transactions. In comparison, transaction costs during the prior year nine month period were primarily comprised of \$1.1 million of costs related to the completion of Craft Acquisition II.

## Non-operating (expense) income, net

During the three and nine months ended February 28, 2026 and February 28, 2025, respectively, the changes in non-operating (expense), income were comprised of:

(in thousands of US dollars)	For the three months ended				For the nine months ended			
	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change	February 28, 2026	February 28, 2025	Change 2026 vs. 2025	% Change
Change in fair value of warrant liability	\$ —	\$ 1,338	\$ (1,338)	(100)%	\$ (3,495)	\$ 2,896	\$ (6,391)	(221)%
Foreign exchange gain (loss)	12,469	(22,290)	34,759	(156)%	9,070	(44,206)	53,276	(121)%
Loss on long-term investments	(4,143)	(5,474)	1,331	(24)%	(4,449)	(5,540)	1,091	(20)%
Unrealized loss on digital assets	(214)	—	(214)	NM	(386)	—	(386)	NM
Other non-operating (losses) gains, net	(20)	2,404	(2,424)	(101)%	(1,126)	2,219	(3,345)	(151)%
Total non-operating income (expense)	<u>\$ 8,092</u>	<u>\$ (24,022)</u>	<u>\$ 32,114</u>	<u>(134)%</u>	<u>\$ (386)</u>	<u>\$ (44,631)</u>	<u>\$ 44,245</u>	<u>(99)%</u>

For the three and nine months ended February 28, 2026, the Company recognized a gain on the change in fair value of its warrants of \$nil million and a loss of \$3.5 million, compared to a gain of \$1.3 million and \$2.9 million in the prior year periods, as a result of the change in our share price and the exercise price of the warrants. For the three and nine months ended February 28, 2026, the Company recognized a gain of \$12.5 million and \$9.1 million resulting from the changes in foreign exchange rates during the period compared to a loss of \$22.3 million and \$44.2 million for the prior year periods. For the three and nine months ended February 28, 2026, the Company recognized a loss of \$4.1 million and \$4.4 million on long-term investments compared to a loss of \$5.5 million and \$5.5 million for the prior year periods. For the three and nine months ended February 28, 2026, the Company recognized a loss of \$0.2 million and \$0.4 million on digital assets from the unrealized change in fair value of Bitcoin compared to \$nil and \$nil million for the prior year periods. The other non-operating (losses) gains, net were a loss of \$0.02 million and a loss of \$1.1 million for the three and nine months ended February 28, 2026, compared to a gain of \$2.4 million and \$2.2 million for the prior year periods, and was mainly comprised of a loss of \$1.5 million on the change in fair value of assets held for sale related to Fort Collins, CO partially vacant warehouse, as described in Note 3 (capital assets), offset by a gain of \$0.5 million resulting from the exchange transaction of the TLRY 27 Note, as described in Note 12 (Convertible debentures payable).

## **Reconciliation of Non-GAAP Financial Measures to GAAP Measures**

### **Adjusted EBITDA**

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

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

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

For three and nine months ended February 28, 2026, adjusted EBITDA increased to \$10.7 million and increased to \$29.3 million compared to \$9.0 million and \$27.4 million for the prior year periods and remained improved as we continue to execute on our strategic plan.

Adjusted EBITDA reconciliation:	For the three months ended				For the nine months ended			
	February 28,	February 28,	Change	% Change	February 28,	February 28,	Change	% Change
	2026	2025	2026 vs. 2025		2026	2025	2026 vs. 2025	
Net loss	\$ (25,233)	\$ (793,534)	\$ 768,301	(97)%	\$ (67,229)	\$ (913,461)	\$ 846,232	(93)%
Income tax expense (recovery), net	1,974	1,203	771	64%	3,235	4,125	(890)	(22)%
Interest expense, net	4,965	8,378	(3,413)	(41)%	17,035	25,986	(8,951)	(34)%
Non-operating income (expense), net	(8,092)	24,022	(32,114)	(134)%	386	44,631	(44,245)	(99)%
Amortization	16,741	33,546	(16,805)	(50)%	48,260	99,410	(51,150)	(51)%
Stock-based compensation	13,725	4,035	9,690	240%	31,060	18,189	12,871	71%
Change in fair value of contingent consideration	—	—	—	NM	(15,000)	—	(15,000)	NM
Impairment of intangible assets and goodwill	—	699,235	(699,235)	(100)%	—	699,235	(699,235)	(100)%
Other than temporary change in fair value of convertible notes receivable	—	20,000	(20,000)	(100)%	—	20,000	(20,000)	(100)%
Project 420 business optimization	—	2,600	(2,600)	(100)%	200	2,600	(2,400)	(92)%
Purchase price accounting step-up	—	59	(59)	(100)%	—	1,610	(1,610)	(100)%
Litigation costs, net of recoveries	621	2,758	(2,137)	(77)%	2,497	5,254	(2,757)	(52)%
Restructuring costs	4,087	6,133	(2,046)	(33)%	5,921	17,249	(11,328)	(66)%
Transaction costs (income), net	1,927	605	1,322	219%	2,896	2,563	333	13%
Adjusted EBITDA	<u>\$ 10,715</u>	<u>\$ 9,040</u>	<u>\$ 1,675</u>	<u>19%</u>	<u>\$ 29,261</u>	<u>\$ 27,391</u>	<u>\$ 1,870</u>	<u>7%</u>

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

- Non-cash amortization expenses and, although these are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future;
- Stock-based compensation expenses, a non-cash expense and are an important part of our compensation strategy;
- Non-cash impairment charges, as the charges are not expected to be a recurring business activity;
- Non-cash other than temporary write-down of convertible notes receivable, as the charges are not expected to be a recurring business activity;
- Non-cash foreign exchange gains or losses, which accounts for the effect of both realized and unrealized foreign exchange transactions. Unrealized gains or losses represent foreign exchange revaluation of foreign denominated monetary assets and liabilities;
- Non-cash change in fair value of warrant liability;
- Non-cash change in fair value of contingent consideration;
- Project 420 business optimization costs;
- Interest expense, net;
- Costs incurred to start up new facilities, and to fund emerging market operations;
- Transaction (income) costs, net which includes acquisition related income and expenses, related legal, financial advisor and due diligence cost and expenses and transaction related compensation, which vary significantly by transaction and are excluded to evaluate ongoing operating results;
- Restructuring charges;
- Litigation costs, net of favorable recoveries and the third party fees associated with defending these claims, including costs related to legacy and non-operational litigation matters, legal settlements and recoveries;
- Amortization of purchase accounting fair value step-up in inventory value included in costs of goods sold; and
- Current and deferred income tax expenses and recoveries, which could be a significant recurring expense or recovery in our business in the future and reduce or increase cash available to us.

## Adjusted Gross Profit and Adjusted Gross Margin

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

## Liquidity and Capital Resources

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

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

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

On May 17, 2024, the Company entered into an equity distribution agreement with TD Securities (USA) LLC and Jefferies LLC in connection with an aggregate offering value of up to \$250 million through an at-the-market equity program ("ATM Program"). During the nine months ended February 28, 2026, the Company issued 6,777,224 shares under the ATM Program generating gross proceeds of \$76.6 million. The Company paid \$3.5 million in commissions and other fees associated with these issuances generating net proceeds of \$73.1 million. The Company used the net proceeds from the ATM Program to fund strategic and accretive acquisitions or investments in businesses and capital expenditures for acquired businesses, including potential acquisitions of assets to capitalize on expected regulatory advancements or expansion opportunities. As of our second fiscal quarter ended November 30, 2025, the ATM program was completed.

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

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

	For the three months ended		For the nine months ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Net cash provided by (used in) operating activities	\$ (21,942)	\$ (5,761)	\$ (31,820)	\$ (81,792)
Net cash provided by (used in) investing activities	28,917	(119)	(4,621)	(60,239)
Net cash provided by (used in) financing activities	(5,128)	18,071	62,820	116,864
Effect on cash of foreign currency translation	955	(1,933)	1,460	(3,217)
Cash and cash equivalents, beginning of period	246,703	189,698	221,666	228,340
Cash and cash equivalents and restricted cash, end of period	\$ 249,505	\$ 199,956	\$ 249,505	\$ 199,956
Marketable securities	15,312	48,458	15,312	48,458
Cash, restricted cash and marketable securities(1)	<u>\$ 264,817</u>	<u>\$ 248,414</u>	<u>\$ 264,817</u>	<u>\$ 248,414</u>

Within the consolidated statements of cash flows, cash and cash equivalents includes \$44.9 million of restricted cash as of February 28, 2026, and \$nil as of February 28, 2025.

(1) Cash and marketable securities are non-GAAP financial measures. See "Use of Non-GAAP Measures" above for additional discussion regarding these non-GAAP measures. The Company combines the Cash and cash equivalent financial statement line item, and the Marketable securities financial statement line item as an aggregate total as reconciled in the liquidity and capital resource section below. The Company's management believes that this presentation provides useful information to management, analysts and investors regarding certain additional financial and business trends relating to its short-term liquidity position by combing these three GAAP metrics.

### *Cash flows from operating activities*

The change in net cash used in operating activities was (\$21.9) million and (\$31.8) million for three and nine months ended February 28, 2026, compared to (\$5.8) million and (\$81.8) million for the prior year periods. Excluding the impact of changes in working capital, operating cash flow was \$3.4 million and \$11.1 million for three and nine months ended February 28, 2026, compared to cash used in operations of (\$9.4) million and (\$30.3) million in the prior year periods, which were negatively impacted by the integration of Craft Acquisition I and II. The increase in cash used for working capital during the three months ended February 28, 2026 primarily reflects preparation for a seasonally higher fourth quarter.

### *Cash flows from investing activities*

The change in net cash provided by (used in) investing activities was \$28.9 million and (\$4.6) million for three and nine months ended February 28, 2026, compared to (\$0.1) million and (\$60.2) million for the prior year periods, and was a result of the change in investments in marketable securities in the current periods and that Craft Acquisition II occurred in the prior year period.

### *Cash flows from financing activities*

The change in cash provided by financing activities was (\$5.1) million and \$62.8 million for three and nine months ended February 28, 2026, compared to \$18.1 million and \$116.9 million for the prior year periods primarily due to variability in funds provided under the ATM Program.

## **Contingencies**

In addition to the litigation described in the Part II, Item 1 - Legal Proceedings, the Company is and may be a defendant in lawsuits from time to time in the normal course of business. While the results of litigation and claims cannot be predicted with certainty, the Company believes the reasonably possible losses of such matters, individually and in the aggregate, are not material. Additionally, the Company believes the probable final outcome of such matters will not have a material adverse effect on the Company's consolidated results of operations, financial position, cash flows or liquidity.

## **Critical Accounting Estimates**

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States. The accounting principles we use require us to make estimates and assumptions that may impact the reported amounts of assets and liabilities as of the date of the financial statements and amounts of income and expenses during the reporting periods presented. We believe in the quality and reasonableness of our critical accounting policies, however, materially different amounts may be reported under different conditions or using assumptions different from those that we have applied. The accounting estimates that have been identified as critical to our business operations and to understanding the results of our operations pertain to revenue recognition, valuation of inventory, valuation of long-lived assets, goodwill and intangible assets, stock-based compensation and valuation allowances for deferred tax assets. The application of each of these critical accounting policies and estimates is discussed in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in, our Annual Report on Form 10-K for the fiscal year ended May 31, 2025.

## **Recently Issued Accounting Pronouncements**

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in "Part I, Item 1. Note 1 – Basis of presentation and summary of significant accounting policies" to our financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

During the nine months ended February 28, 2026, there have been no material changes in market risk from those addressed in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2025. See the information set forth in Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk set forth in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2025.

### **Item 4. Controls and Procedures.**

#### *Disclosure Controls and Procedures*

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under Securities and Exchange Act of 1934 (the "Exchange Act")) that are designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, and summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosures. Controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives. Our management team, including the CEO and CFO, supervised and participated in reviewing how effective our disclosure controls and procedures were as of the end of this quarterly reporting period.

Following this evaluation, the CEO and CFO have determined that, as of February 28, 2026, our disclosure controls and procedures (a) are effective in ensuring timely recording, processing, summarization, and reporting of information required under the Exchange Act, and (b) incorporate controls and procedures designed to guarantee that such information is collected and communicated to management, including the CEO and CFO, as necessary to permit timely decisions regarding required disclosures.

#### *Changes in Internal Control over Financial Reporting*

There were no changes in our "internal control over financial reporting" (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1. 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, our management believes that it has established appropriate legal reserves. Any 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.

“Item 3. Legal Proceedings” of our Annual Report on Form 10-K for the fiscal year ended May 31, 2025 includes a discussion of our legal proceedings. There have been no material changes from the legal proceedings described in our Form 10-K, as disclosed and incorporated herein by reference to Note 19 (Commitments and contingencies) to the Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

## Item 1A. Risk Factors.

“Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended May 31, 2025 includes a discussion of our known material risk factors, other than risks that could apply to any issuer or offering. A summary of our risk factors is included below. Except for the below risk factors, there have been no material changes from the risk factors described in our Form 10-K.

- We may not achieve the expected revenue or other benefits from the craft beer operations we acquired in the past several years.
- We may experience difficulties integrating operations and realizing the expected benefits of recent acquisitions, including the Craft brands and BrewDog acquisitions.
- Our cannabis business is dependent upon regulatory approvals and licenses, ongoing compliance and reporting obligations, and timely renewals.
- There are regulatory risks associated with the rescheduling of cannabis from Schedule I to Schedule III under the Controlled Substances Act in the U.S. and uncertainties in the implementation of our planned medical cannabis platform.
- There are regulatory risks associated with evolving government regulations, including in November 2025, new U.S. federal legislation which was enacted and banned the production or sale of hemp-derived cannabis, including Delta-9. This restriction is scheduled to go into effect on November 12, 2026.
- We are subject to potential modifications to existing regulatory frameworks outside of North America, as well as uncertainties and potential delays in receiving required export/import permits in Europe and Australia. Any unfavorable changes to or lack of commercial legalization, or extended delays in receipt of required permits, could negatively impact our businesses and the potential planned expansion of our business.
- We face intense competition, including from the illicit cannabis market, and anticipate competition will increase, which could hurt our business.
- Our production and processing facilities are integral to our business and adverse changes or developments affecting our facilities may have an adverse impact on our business.
- Regulations constrain our ability to market and distribute our products in Canada.
- United States regulations relating to hemp-derived CBD products, Delta-9 products, and medical cannabis products are new and rapidly evolving, and changes may not develop in the timeframe or manner most favorable to our business objectives.
- Changes in consumer preferences or public attitudes about alcohol could decrease demand for our beverage products.
- SweetWater, Breckenridge, Montauk, BrewDog and our recently-acquired craft beer brands each face substantial competition in the beer industry or the broader market for beverage products, which could impact our business and financial results.
- We are subject to litigation, arbitration and demands, which could result in significant liability and costs, and impact our resources and reputation.
- Our business may be materially adversely affected by the imposition of duties and tariffs and other trade barriers and retaliatory countermeasures implemented by the U.S. and other governments.
- Additional impairments of our goodwill and impairments of our long-lived assets could have a material adverse impact on our financial results.
- We have a limited operating history and a history of net losses, and we may not achieve or maintain profitability in the future
- Our strategic alliances and other third-party business relationships may not achieve the intended beneficial impact and expose us to risks.
- We may not be able to successfully identify and execute future acquisitions, dispositions or other equity transactions or to successfully manage the impacts of such transactions on our operations.
- We are subject to risks inherent in an agricultural business, including the risk of crop failure.
- We depend on recurring customers for a substantial portion of our revenue. If we fail to retain or expand our customer relationships or these customers reduce their purchases, our revenue could decline significantly.
- Our products may be subject to recalls for a variety of reasons, which could require us to expend significant management and capital resources.
- Significant interruptions in our access to certain supply chains for key inputs such as raw materials, supplies, electricity, water and other utilities may impair our operations.
- Management may not be able to successfully establish and maintain effective internal controls over financial reporting.
- The price of our common stock in public markets has experienced and may continue to experience severe volatility and fluctuations.
- The volatility of our stock and the stockholder base may hinder or prevent us from engaging in beneficial corporate initiatives.
- We may not have the ability to raise the funds necessary to settle conversions of the convertible securities in cash or to repurchase the convertible securities upon a fundamental change.

- Our cryptocurrency strategy faces high risk and uncertainty in light of market volatility and an evolving regulatory landscape.
- We may be exposed to financial losses and operational risks due to our decision to self-insure certain real property assets.
- We are subject to other risks generally applicable to our industry and the conduct of our business.

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

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

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

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

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

**Recent Sales of Unregistered Equity Securities**

Not applicable.

**Item 3. Defaults Upon Senior Securities.**

Not applicable.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

Not applicable.

**Item 6. Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#"><u>Certificate of Amendment of the Fifth Amended and Restated Certificate of Incorporation of the Company, filed on November 26, 2025 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on November 26, 2025).</u></a>
10.1*	<a href="#"><u>Business and Asset Sale Agreement, dated March 2, 2026, by and among Tilray Brands, Inc., BrewDog plc, BrewDog Retail Limited, Draft House Holding, BrewDog International Limited, and Tilray Brands UK Ltd.</u></a>
31.1*	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2*	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1**	<a href="#"><u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>

<b>Exhibit Number</b>	<b>Description</b>
32.2**	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101*	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2026, formatted in Inline XBRL: (i) Consolidated Statements of Financial Position, (ii) Consolidated Statements of Loss and Comprehensive Loss , (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Condensed Interim Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
*	Filed herewith.
**	Furnished herewith.
†	Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Tilray Brands, Inc.

Date: April 1, 2026

By: /s/ Irwin D. Simon

**Irwin D. Simon**  
**Chairman and Chief Executive Officer**

Date: April 1, 2026

By: /s/ Carl Merton

**Carl Merton**  
**Chief Financial Officer**

# Business and Asset Sale Agreement

BrewDog plc (in administration)

BrewDog Retail Limited (in administration)

Draft House Holding Limited (in administration)

BrewDog International Limited (in administration)

Clare Laura Kennedy, Ian Partridge and Benjamin James Browne

Tilray Brands UK Ltd (as Purchaser)

Tilray Brands, Inc. (as Guarantor)

Dated March 2, 2026

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This agreement is made on 2026

## Parties

- (1) **BrewDog plc** (in administration) (company number SC311560) whose registered office is at Brewdog, Balmacassie Commercial Park, Ellon, Aberdeenshire, Scotland, AB41 8BX (**PLC**)
- (2) **BrewDog Retail Limited** (in administration) (company number SC389114) whose registered office is at Brewdog, Balmacassie Commercial Park, Ellon, Aberdeenshire, Scotland, AB41 8BX (**Retail**)
- (3) **Draft House Holding Limited** (in administration) (company number 06947531) whose registered office is at Fergusson House, 3rd Floor 124-128 City Road, London, England EC1V 2NJ (**Draft House**)
- (4) **BrewDog International Limited** (in administration) (company number SC580048) whose registered office is at Brewdog, Balmacassie Commercial Park, Ellon, Aberdeenshire, Scotland, AB41 8BX (**International**)
- (5) **Clare Laura Kennedy, Ian Partridge and Benjamin James Browne** of AlixPartners UK LLP, 6 New Street Square, London, England, EC4A 3BF (**Administrators**)
- (6) **Tilray Brands UK Ltd** (company number 13578781) whose registered office is at First Floor, Centurion House, 37 Jewry Street, London EC3N 2ER, England (**Purchaser**)
- (7) **Tilray Brands, Inc. a Delaware corporation** whose registered office is at 265 Talbot Street West, Leamington, Ontario N8H 4H3, Canada (**Guarantor**)

## Background

- A The Administrators were appointed joint administrators of the Companies (as defined in clause 1 of this agreement) on 2 March, 2026 by the directors of the Companies pursuant to paragraph 22 of schedule B1 to the *Insolvency Act 1986*.
- B The Companies have agreed to sell and the Purchaser has agreed to purchase certain of the Companies' respective assets on the terms and conditions set out in this agreement, to the intent that the Purchaser shall carry on the Companies' Businesses (as defined in clause 1 of this agreement) as a going concern.
- C The Administrators have entered into this agreement solely for the purpose of obtaining the benefit of the provisions in their favour and will incur no personal liability of any kind under or in connection with this agreement.
- D In consideration of the Companies agreeing to enter into this agreement with the Purchaser the Guarantor as the holding company of the Purchaser has agreed to guarantee the obligations of the Purchaser under this agreement.
- E The parties acknowledge that certain HMRC approvals relating to the operation of the Ellon brewery, the Hop Hub warehouses and associated duty-suspended storage facilities will lapse on a transfer of the relevant real estate interests. Accordingly, the sale of the Ellon Site and the Leasehold Properties at Hop Hub 1 and Hop Hub 2 shall take place on the expiry of the Trading Period under the TSA (being the end of the term of the TSA), pursuant to which PLC and/or Retail (as applicable) shall continue to operate the brewery and wholesale operations.

## Agreed terms

### 1 Definitions and interpretations

- 1.1 In this agreement, unless the context otherwise requires, the following words and expressions have the following meanings:

**Acquired Data** means any data to which the Data Protection Legislation applies which is acquired by the Purchaser pursuant to the terms of this agreement, including but not limited to the Customer Lists and including for the avoidance of doubt the Books and Records.

**Acquisition Documents** means this agreement and any other document required to be executed by the Purchaser or the Guarantor or the Lenders in connection with this agreement, including, without limitation, the TSA, the Deeds of Partial Release, the Discharges of Standard Security, the

Licences, the Hop Hub Licences, DogTap Licence, DogTap Surrender, the IP Assignment, the Stock Transfer Form and the Disposition.

**Administration Records** means the books, files, documents and records produced or created either by or at the direction of the Administrators, their partners or staff, agents or representatives, or by any other person including the officers or employees of the Companies at their instance for or in the course of or in connection with the administration of the Company, the statutory books and accounting records of the Companies, any other records which the Administrators are required by Law to retain and any records which relate to the Companies' arrangements with its bankers.

**Administrators' Solicitors** means DLA Piper Scotland LLP of Collins House, Rutland Square, Edinburgh, EH1 2AA (Reference: SL/VV/342362-15).

**Apportionments** has the meaning given in clause 18.

**Australia Subsidiaries** means BrewDog Group Australia Limited and BrewDog Brewing Australia PTY Limited.

**Bar and Hotel Properties** means the PLC Bar and the Retail Bar and Hotel Properties and the Draft House Bar each is a **Bar and Hotel Property**.

**Books and Records** means the buying, production, promotional, sales and other commercial information, all documents and data (including operating manuals, handbooks, policies, procedures, customer and supplier lists, price lists and data, including any confidential information, and all data stored on the servers of the Property Companies) relating to the Companies' Businesses in relation to the Transferred Assets and the Employees but excluding the VAT Records, security documents executed by the relevant Property Company, documents relating to the appointment of the Administrators and all Administration Records.

**Branded Materials** means any materials including any packaging labels, stationery, catalogue, operating manuals and other printed materials whatsoever, bearing the Name or the brand names, sub-brand names, product names and trade names used by each of the Property Companies (as relevant) in connection with the respective Companies' Business as at the Completion Date, including but not limited to Punk IPA, Elvis Juice, Hazy Jane, Lost Lager, Clockwork Tangerine, Dead Pony Club, Jet Black Heart, Nanny State, Dog Tap, and BrewDog Distilling Co.

**BrewDog Ireland** means BrewDog Ireland Limited (incorporated in Ireland with company number 0634295).

**Business Day** means a day, other than a Saturday or Sunday, on which banks are open for business in England or the United States.

**Business Information Technology** means the Draft House Information Technology, PLC Information Technology and Retail Information Technology, including (without limitation) (a) the Computer Equipment (b) EPOS System and (c) rights held by the Property Companies at the Completion Date in the online retail and direct-to-consumer sales platform(s) operated by or on behalf of any of the Property Companies (including at brewdog.com and any associated checkout, payment processing, fulfilment, and customer account functionality), each of those in item (c) relating to the respective Companies' Businesses.

**Business Intellectual Property** means together the Draft House Business Intellectual Property, the PLC Business Intellectual Property and the Retail Business Intellectual Property and to the extent owned by the Property Companies any and all Intellectual Property in or related to the following if used in connection with the respective Companies' Business:

- (a) all recipes, formulae, specifications, production processes, quality control procedures, and technical information used in the ingredient sourcing, brewing, distilling, bottling, manufacture, or otherwise in the preparation of any products of the Property Companies;
- (b) all label designs, packaging artwork, brand guidelines, style guides, marketing collateral, product photography, and promotional materials of the Property Companies;
- (c) the Acquired Data;
- (d) the Name; and
- (e) the brand names, sub-brand names, product names, and trade names used by each of the Property Companies in connection with either of the Companies' Businesses, including but not limited to Punk IPA, Elvis Juice, Hazy Jane, Lost Lager, Clockwork Tangerine, Dead Pony Club, Jet Black Heart, Nanny State, Dog Tap, and BrewDog Distilling Co.

**Claim** means any action, proceeding, claim or demand of any kind (actual or contingent) which may be brought or made against any of the Company and/or the Administrators only to the extent that such constitutes an expense of the administration of any of the Companies pursuant to paragraph 99 of Schedule B1 to the Insolvency Act 1986, Rule 3.51 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018, Rule 3.51 of the Insolvency (England and Wales) Rules 2016 or which are determined by a Court to be payable as if such liability were an expense of the administration or a personal liability of the Administrators.

**Companies** means PLC, Draft House, International and Retail and each a **Company**.

**Companies' Businesses** means the PLC Business, the Draft House Business, and the Retail Business.

**Completion** means the performance of all obligations of the parties to this agreement set out in clause 6.

**Completion Date** means 3:01pm on the date of this agreement, save that legal transfer of the PLC Finished Stock, the Ellon Site, Hop Hub 1 and Hop Hub 2 shall occur on the relevant Property Transfer Date in accordance with clause 9.

**Computer Equipment** means:

- (a) the EPOS System cash registers located at some or all of the Properties and includes all software (including licences), wiring, plugs, sockets, computers, scanners, fax machines, printers, laptops, telephones, mobile phones, card processing equipment, in-store security systems, safety

deposit boxes, and any other ancillary, associated or similar equipment as is located at the Properties and required for the normal day to day use of the cash registers;

- (b) the information, software, databases, hard drives, servers and other computers or equipment of the Property Companies wheresoever located as are required for the normal day to day running of the EPOS System; and
- (c) such other software, hardware or rights as are owned by the Property Companies and required to run the EPOS System.

**Consideration** means the total purchase price payable for the Companies' Businesses (and the Transferred Assets) in the sum of £33,000,000 (thirty three million pounds sterling).

**Contracts** means the Licensing Agreements, the PLC Contracts, the Draft House Contracts, and the Retail Contracts excluding the Excluded Contract.

**Customer Lists** means the PLC Customer List, the Draft House Customer List, and the Retail Customer List.

**Customers** means the Draft House Customers, the PLC Customers and the Retail Customers.

**Data Protection Legislation** means (as applicable) the European Data Protection Laws, UK Data Protection Laws and to the extent applicable data protection or privacy laws of any other country.

**Debts** means all book and other debts or sums owing to the Property Companies, HIF and/or the Administrators (whether or not yet due and payable and whether actual or contingent) which arose out of the carrying on of the Companies' Businesses or otherwise and any interest payable on those debts or other sums and the benefit of all securities, guarantees, indemnities and rights (including but not limited to rights of set-off and counterclaims) relating to those debts or other sums, but excluding the Leasehold Debts and the Irish Receivables.

**Deeds of Partial Release** means the following deeds of partial release each dated on or about the date of this agreement discharging and releasing the Transferred Assets from the security granted by the relevant Property Company to the relevant Lender including all floating security:

- (a) the deed of partial release granted by HSBC in favour of PLC;
- (b) the deed of partial release granted by HEF in favour of PLC;
- (c) the deed of partial release granted by HIF in favour of PLC;
- (d) the deed of partial release granted by TSG7 in favour of PLC;
- (e) the deed of partial release granted by HSBC in favour of Retail; and
- (f) the deed of partial release granted by TSG7 in favour of Retail.

**Discharges of Standard Security** means the following discharges of standard security dated on or about the date of this agreement discharging and releasing the relevant Property from the following security granted by PLC to the relevant Lender:

- (a) the discharge of standard security granted by HSBC in favour of PLC in relation to the standard security dated 12 July 2012;
- (b) the discharge of standard security granted by HSBC in favour of PLC in relation to the standard security dated 2 May 2025;
- (c) the discharge of standard security granted by TSG7 in favour of PLC in relation to the standard security dated 25 November 2025;
- (d) the discharge of standard security granted by HEF in favour of PLC in relation to the standard security dated 4 February 2026; and
- (e) the discharge of standard security granted by HIF in favour of PLC in relation to the standard security dated 4 February 2026.

**Disposition** means the disposition of each Heritable Property to be granted by PLC (acting by the Administrators) in favour of the Purchaser, in a form suitable for registration in the Land Register of Scotland as set out at Part 13 of the Schedule.

**Dispute** has the meaning given in clause 43.1.

**Dispute Notice** has the meaning given in clause 18.4.

**DogTap** means DogTap bar, Balmacassie Industrial Estate, Ellon, Aberdeenshire.

**DogTap Licence** means the licence to occupy DogTap to be granted by PLC to the Purchaser in the form set out in Part 19 of the Schedule.

**DogTap Surrender** means the surrender of the licence to occupy DogTap made between PLC and Retail and dated 16 October 2020 in the form set out in Part 20 of the Schedule.

**Distillery Finished Goods** means, in relation to the process of distilling whiskey and spirits the stock in trade of finished goods and finished consumables (other than ROT Assets or Lien Stock) of PLC and used in connection with the PLC Business and situated at the Heritable Properties on the Completion Date, but excluding the Distillery Inventory.

**Distillery Inventory** means, in relation to the process of distilling whiskey and spirits the stock in trade of unfinished goods, works in process, raw materials and ingredients, packaging materials, labels and points-of-sale materials (other than ROT Assets or Lien Stock) of PLC and used in connection with the PLC Business and situated at the Heritable Properties on the Completion Date.

**Domain Names** means the domain names listed at Part 4 of the Schedule.

**Draft House Bar** means the leasehold property listed in Section 3 of Part 2 of the Schedule.

**Draft House Business** means Draft House's business as operator of the Draft House Bar as carried on exclusively from the Draft House Bar as at the Completion Date under the Name.

**Draft House Business Intellectual Property** means any Intellectual Property owned by Draft House and used in the Draft House Business.

**Draft House Contracts** means the Draft House Customer Contracts and the Draft House Supply Contracts.

**Draft House Customer** means any person who was a customer of Draft House in relation to the Draft House Business.

**Draft House Customer Contracts** means any contracts entered into prior to the Completion Date by or on behalf of Draft House with Draft House Customers for sale of goods and/or provision of services by Draft House which remain (in whole or in part) to be performed by Draft House on the Completion Date

**Draft House Customer Database** means the electronic database storing Draft House Customer information under the control of Draft House as at the Completion Date.

**Draft House Customer List** means the names and contact details of and other customer specific information relating to the Draft House Customers in the possession of the Administrators on or prior to the Completion Date as set out in the Draft House Customer Database.

**Draft House Equipment** means the equipment and other chattels owned by Draft House and used in connection with the Draft House Business at the Completion Date located at the Draft House Bar (but excluding any landlord's fixtures and fittings).

**Draft House Goodwill** means any goodwill of Draft House in connection with the Draft House Business together with the right (insofar as Draft House has the right to grant the same) for the Purchaser to represent itself as carrying on the Draft House Business in succession to Draft House.

**Draft House Information Technology** means the Information Technology owned by Draft House and used in the Draft House Business.

**Draft House Stock** means the stock in trade (other than such items which are ROT Assets or Lien Stock) of Draft House and used in connection with the Draft House Business and situated at the Draft House Bar on the Completion Date.

**Draft House Supply Contracts** means any contracts of supply entered into prior to the Completion Date by or on behalf of Draft House with Draft House Suppliers which remain (in whole or in part) to be performed by the Draft House Suppliers on the Completion Date including for the supply of the Information Technology.

**Draft House Suppliers** means any person who at any time prior to the Completion Date was or is a supplier of goods (including components, raw materials or finished materials) and/or provision of services to Draft House in relation to the Draft House Business.

**Ellon Site** means the heritable property owned by PLC situated at Balmacassie, Ellon, as more particularly described in Part 1 of the Schedule.

**Employees** means the persons employed wholly or mainly in relation to the Companies' Businesses immediately prior to the Completion Date and those persons who would have been so employed had their employment not been terminated in circumstances described in regulation 7(1) or regulation 4(9) of the Regulations.

**Employee Liability Information** has the meaning given to such term in regulation 11(2) of the Regulations.

**English Leasehold Properties** means the leasehold properties situated in England and listed in Section 3, Section 4 and 0 of Part 2 to the Schedule and each an **English Leasehold Property**.

**English Premises Licence** means a premises licence for the sale of alcohol and permitted regulated activities under the Licensing Act 2003 in respect of the Properties located in England & Wales.

**Encumbrance** means any mortgage, charge, pledge, lien, deposit by way of security, bill of sale, option, assignment (contingent or otherwise), right to acquire, right of pre-emption or agreement for or obligation as to any of the same, or any other form of security or encumbrance or equity of any nature in favour of a third party including standard securities, real burdens and servitudes.

**EPOS System** means the electronic point of sale system which controls the cash registers located at some or all of the Properties and any back office equipment ancillary to the cash registers.

**Equipment** means the PLC Equipment, the Draft House Equipment, and the Retail Equipment.

**ERA Liabilities** means all payments and debts referred to or set out in:

- (a) the statutory scheme pursuant to Chapter VI of Part XI of the *Employment Rights Act 1996*; and
- (b) the statutory scheme pursuant to Part XII of the *Employment Rights Act 1996*,

that are due to or may become due to or in relation to any Employee (including, without limitation, the debts set out in section 184 of the *Employment Rights Act 1996*).

**European Data Protection Laws** means the *EU General Data Protection Regulation 2016/679* of the European Parliament and of the Council (**GDPR**); and laws implementing or supplementing the GDPR.

**Excluded Assets** means the assets, contracts, property and rights referred to in clause 3.

**Excluded Contract** means the contract between PLC and Yakima Chief Hops dated 11 November 2020 and any subsequent amendments, modifications or extensions to such contract.

**Excluded Data** means the Administration Records, VAT Records, security documents executed by the relevant Property Company, documents relating to the appointment of the Administrators and all Administration Records.

**Expert** means an individual with suitable experience at a firm of chartered accountants in the United Kingdom (who and which are independent of the parties).

**Goodwill** means the PLC Goodwill, the Draft House Goodwill, and the Retail Goodwill, including the goodwill attaching to the customer, supplier, and stakeholder relationships of the Property Companies, the Name and the other Business Intellectual Property (and the tangible and intangible property, content, products, and other material to which such Business Intellectual Property relates).

**HEF** means HSBC Equipment Finance (UK) Ltd (company number 01503727) whose registered office is at 1 Centenary Square, Birmingham, United Kingdom, B1 1HQ.

**Heritable Properties** means the heritable properties situated in Scotland listed in Part 1 of the Schedule and each a **Heritable Property**.

**HIF** means HSBC Invoice Finance (UK) Limited (company number 00759657) whose registered office is at 1 Centenary Square, Birmingham, B1 1HQ.

**HMRC** means HM Revenue and Customs or such authority as may succeed it in its functions relating to VAT.

**Hop Hub 1** means the Scottish warehouse known as Hop Hub 1, being the leasehold property leased by Retail and situated at 2 Condor Glen, Eurocentral, Motherwell, as more particularly described in Section 1 of Part 2 of the Schedule.

**Hop Hub 2** means the Scottish warehouse known as Hop Hub 2, being the leasehold property leased by PLC and situated at 6 Brittain Way, Eurocentral, Motherwell, and subleased to the existing logistics provider, as more particularly described in Section 1 of Part 2 of the Schedule.

**Hop Hub 1 Licence** means the licence to occupy Hop Hub 1 to be granted by Retail to the Purchaser in the form set out in Part 14 of the Schedule.

**Hop Hub 2 Licence** means the licence to occupy Hop Hub 2 to be granted by PLC to the Purchaser in the form set out in Part 15 of the Schedule.

**Hop Hub Licences** means the Hop Hub 1 Licence and the Hop Hub 2 Licence.

**HSBC** means HSBC UK Bank Plc (company number 09928412) whose registered office is at 1 Centenary Square, Birmingham, United Kingdom, B1 1HQ (and HSBC Bank PLC, in respect of any loan agreements and security dated before 1 July 2018, which in accordance with the ringfencing transfer scheme, were transferred to HSBC UK Bank plc with effect from 1 July 2028).

**Information Technology** means information technology infrastructure (including without limit, hardware, software, firmware, platforms, databases, networks, connecting media, storage media), wherever located and whether on-premise or hosted by a third party, devices; peripherals (including servers, laptops, desktops, tablets, mobile devices, printers, networking equipment, firewalls, Wi-Fi access points, switches, routers, backup devices, CCTV and access control systems, and brewery control/SCADA hardware); and all manuals, specifications or other documents relating thereto.

**Intellectual Property** means:

- (a) patents, rights in inventions, know-how, show-how and trade secrets, moral rights, design rights, trade names, business names, brand names, get up, logos, goodwill, utility models, supplementary protection certificates, petty patents, registered designs, rights in and related to copyrights (including author's and neighbouring or related rights), database rights, design rights, semiconductor topography rights, mask work rights, trade marks and service marks and any other intellectual property rights including the Registered IP (in each case, whether or not registered, and including all registrations, applications to register and rights to apply to register any of them and all rights to sue for any past or present infringement of them); and
- (b) all rights or similar forms of protection in the nature of any of the items detailed in paragraph (a) including continuations in part and divisional applications, reputation, personality or image, social media usernames, handles, pages, channels, profiles and accounts on any platform (including the Social Media Accounts), domain names (including the Domain Names) and URLs, rights in unfair competition, rights to sue for passing-off and all rights having equivalent or similar effect to, and the right to apply for any of, the rights or forms of protection listed in paragraph (a) or (a) of this definition having equivalent or similar effect in any jurisdiction.

**Invoice** has the meaning given in clause 14.1.

**IP Assignment** means the confirmatory assignment recording the assignment to the Purchaser of such right title and interest as PLC and Draft House has in certain of the Registered IP in the form set out in Part 7 of the Schedule (which includes a requirement to take steps and execute documents to enable register updates and perfection of the relevant transfers).

**Irish Lease** means the lease dated 6 June 2019 made between (1) KW Real Estate ICAV (as landlord) (2) BrewDog Ireland (as tenant), (3) PLC (as guarantor) and (4) Capital Dock Estimate Management Company Limited (as estate management company) in relation to the property at The Quarter Deck, No 4 Three Locks Square, Capital Dock, Dublin (as amended).

**Irish Receivables** means the Irish PLC Receivables and the Irish Retail Receivables.

**Irish PLC Receivables** means all debts or sums owing to PLC from BrewDog Ireland (whether or not yet due and payable and whether actual or contingent) and any interest payable on those debts or other sums and the benefit of all securities, guarantees, indemnities and rights (including but not limited to rights of set-off and counterclaims) relating to those debts or other sums.

**Irish Retail Receivables** means all debts or sums owing to Retail from BrewDog Ireland (whether or not yet due and payable and whether actual or contingent) and any interest payable on those debts or other sums and the benefit of all securities, guarantees, indemnities and rights (including but not limited to rights of set-off and counterclaims) relating to those debts or other sums.

**Irish Shares** means 100 ordinary shares of €1.00 each in the share capital of BrewDog Ireland, being the entire issued share capital of BrewDog Ireland.

**Leases** means the leases of the Leasehold Properties pursuant to which the relevant Property Company holds or is entitled to occupy the Leasehold Properties and includes all deeds and documents supplemental thereto whether or not expressed to be so and **Lease** shall be construed accordingly.

**Leasehold Debts** means any monies, debts or sums owing to the Property Companies by the landlords, store owners or operators of the Leasehold Properties including any monies held by way of Rent Deposits relating to the respective Companies' Businesses as at the Completion Date.

**Leased Equipment** means the chattels, equipment and any other items or assets (whether tangible or intangible) whatsoever used by the Property Companies in their respective Companies' Businesses which the Property Companies have possession of as bailee or subject to hire purchase, conditional or credit sale, rental, finance or other lease, licence or any other agreement or similar arrangement.

**Leasehold Properties** means the English Leasehold Properties and the Scottish Leasehold Properties.

**Lenders** means HSBC, HEF, HIF and TSG7.

**Licences** means the DogTap Licence, the Hop Hub Licences and the licences to occupy the Leasehold Properties to be granted by the relevant Property Company to the Purchaser in the form set out in Part 8 of the Schedule for the English Leasehold Properties and Part 9 of the Schedule for the Scottish Leasehold Properties.

**Licensing Agreements** means any inbound or outbound licensing or other agreement (including settlement agreements) entered into prior to the Completion Date by or on behalf of any Property Company in connection with the respective Companies' Businesses relating to Intellectual Property which remain (in whole or in part) to be performed by the Company or counterparty on the Completion Date.

**Lien Stock** means such of the Property Companies' stock as is:

- (a) in transit with a third party haulier; or
- (b) situated in a warehouse,

and which is subject to a lien in favour of such third party haulier, HM Revenue and Customs or provider of warehousing, supply, logistics and transport services to any of the Property Companies.

**Loose Plant and Machinery** means all fixed plant, machinery and equipment and all loose plant and equipment, associated or similar equipment situated or used (as applicable) at the Leasehold Properties used in connection with the Companies' Businesses prior to the Completion Date.

**Loss** means any loss, damage, demand, award, cost, charge, penalty or expense which any of the Companies and/or the Administrators have incurred or sustained or may, directly or indirectly, incur or sustain only to the extent that such constitutes an expense of the administration of any of the Companies pursuant to paragraph 99 of Schedule B1 to the Insolvency Act 1986, Rule 3.51 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018, Rule 3.51 of the Insolvency (England and Wales) Rules 2016 or which are determined by a Court to be payable as if such liability were an expense of the administration or a personal liability of the Administrators.

**Name** means BrewDog and all variations thereof (including BREWDOG, Brew Dog, and any stylised forms).

**NIF** means the Secretary of State, the National Insurance Fund or any analogous or replacement person or body.

**Non-UK Business Intellectual Property** means the Business Intellectual Property that subsists in, or is registered in, or is the subject of an application to be registered in, any territory other than the United Kingdom.

**Notice** has the meaning given in clause 31.1.

**Onward Sale** means:

- (a) the sale or transfer of any of the Transferred Assets to one or more third parties by the Purchaser or member of the Purchaser's Group (whether by way of one transaction or a series of transactions) but excluding a sale or transfer to a member of the Purchaser's Group for corporate reorganisation purposes (where such member of the Purchaser's Group has assumed liability under this clause); or
- (b) the sale, transfer or other disposal (or the grant of a right to acquire or to dispose) of more than 90 per cent of the share capital of the Purchaser (or any other member of the Purchaser's Group that holds the Transferred Assets) to one or more third parties (whether by way of one transaction or a series of transactions) but excluding a sale or transfer to a member of the Purchaser's Group for corporate reorganisation purposes (where such member of the Purchaser's Group has assumed liability under this clause),

where the value of consideration (in whatever form) for the sale, transfer or disposal exceeds value of the Original Consideration.

**Option to Tax** means a valid option to tax, election to waive the exemption from VAT or real estate election in relation to each Property located in Scotland and/or England pursuant to schedule 10 of the VAT Act.

**Original Consideration** means the consideration paid by the Purchaser under this agreement for the Companies' Businesses (and the Transferred Assets) (as apportioned in Part 1, Part 2 and Part 3 of the Schedule) but excluding amounts payable pursuant to clause 24.

**Overage Consideration** means an amount in cash by way of further consideration for the Companies' Businesses (and the Transferred Assets) equal to 75% of the amount by which the consideration for the Onward Sale exceeds the aggregate of:

- (a) the Original Consideration;
- (b) the reasonable actual and anticipated costs incurred by the Purchaser in connection with the Onward Sale; and
- (c) any Tax suffered by the Purchaser in respect of such Onward Sale, or Tax which would have been so suffered but for the use of a relief.

**PDQ Income** means any payments in cleared funds, received by any Property Company and/or the Administrators from a card issuer in respect of transactions made using the PDQ Machines during the PDQ Machines Period.

**PDQ Machines** means credit card processing machines and other similar equipment located at the Bar and Hotel Properties used in the respective Companies' Businesses for processing customer payments.

**PDQ Machines Period** means the period of one (1) month from and including the Completion Date;

**PLC Business** means the business operated by PLC under the Name as at the Completion Date of:

- (a) owning and managing Intellectual Property owned by PLC;
- (b) the manufacture and sale of beers and spirits carried on by PLC at the Heritable Properties and the Scottish Warehouses;
- (c) operating the PLC Bar; and
- (d) retailing products through the internet from the website [www.brewdog.com](http://www.brewdog.com).

**PLC Bar** means the leasehold property listed in 0 of Part 2 of the Schedule.

**PLC Business Intellectual Property** means the Registered IP and any other Intellectual Property owned by PLC and used in the PLC Business.

**PLC Contracts** means the PLC Customer Contracts, the PLC Supply Contracts, and the PLC Franchise Agreements.

**PLC Customer** means any person who was a customer of PLC in relation to the PLC Business.

**PLC Customer Contracts** means any contracts entered into prior to the Completion Date by or on behalf of PLC with PLC Customers for the distribution and/or sale of goods and/or provision of services by PLC which remain (in whole or in part) to be performed by PLC on the Completion Date.

**PLC Customer Database** means the electronic database storing PLC Customer information under the control of PLC as at the Completion Date.

**PLC Customer List** means the names and contact details of and other customer specific information relating to the PLC Customers in the possession of the Administrators on or prior to the Completion Date as set out in the PLC Customer Database.

**PLC Equipment** means the equipment and other chattels owned by PLC and used in connection with the PLC Business at the Completion Date located at the Heritable Properties or the PLC Bar including but not limited to any equipment and other chattels used in the brewing process and any associated production or packaging equipment.

**PLC Finished Stock** means the stock in trade of finished goods and consumables (other than ROT Assets or Lien Stock) of PLC and used in connection with the PLC Business and situated at the Heritable Properties and/or the Scottish Warehouses on the Completion Date including, for the avoidance of doubt, the Distillery Finished Goods.

**PLC Franchise Agreement** means any franchise agreement entered into prior to the Completion Date by or on behalf of the Property Company and agreements to supply goods and/or services relating to the Business Intellectual Property which remain (in whole or in part) to be performed by the Property Company on the Completion.

**PLC Goodwill** means any goodwill and intangible assets of PLC in connection with the PLC Business, including but not limited to established customer relationships, distribution footprint, brand reputation, market positioning, awards and certifications, together with the right (insofar as PLC has the right to grant the same) for the Purchaser to represent itself as carrying on the PLC Business in succession to PLC relating to the PLC Business.

**PLC Information Technology** means the Information Technology owned by PLC and used in the PLC Business.

**PLC Stock** means the PLC Finished Stock and the PLC Unfinished Stock.

**PLC Suppliers** means any person who at any time prior to the Completion Date was or is a supplier of goods (including components, raw materials or finished materials) and/or provision of services to PLC in relation to the PLC Business.

**PLC Supply Contracts** means any contracts of supply entered into prior to the Completion Date by or on behalf of PLC with PLC Suppliers which remain (in whole or in part) to be performed by the PLC Suppliers on the Completion Date, including for the supply of the Information Technology.

**PLC Unfinished Stock** means the stock in trade of unfinished goods and consumables, ingredients, raw materials, works in process, packaging materials, labels, and points of sale materials and spare parts (other than ROT Assets or Lien Stock) of PLC and used in connection with the PLC Business and situated at the Heritable Properties and/or the Scottish Warehouses on the Completion Date excluding, for the avoidance of any doubt, the PLC Finished Stock.

**Properties** means the Heritable Properties and the Leasehold Properties and each a **Property**.

**Property Companies** means Draft House, PLC and Retail and each a **Property Company**.

**Property Apportionment Date** means, in respect of the Ellon Site, Hop Hub 1 and Hop Hub 2, the relevant Property Transfer Date and, for the avoidance of doubt, all apportionments referable to ownership or leasehold interest in those Properties shall be calculated as at the Property Apportionment Date.

**Property Transfer Date** means

- (a) in respect of the PLC Finished Stock and the Ellon Site, the date falling on the last day of the Trading Period; and
- (b) in respect of Hop Hub 1 and Hop Hub 2 the later of the date of Consent (having the meaning in Part 12) or the last day of the Trading Period or such other date as agreed in writing.

**Purchaser's Group** means the Guarantor and each of its subsidiaries.

**Purchaser's Solicitors** means Proskauer Rose (London) LLP of 8 Bishopsgate, London EC2N 4BQ, United Kingdom.

**Recipient** has the meaning given in clause 31.4.

**Registered IP** means (a) the Domain Names, (b) Social Media Accounts, and (c) those registered trade marks, designs and patents listed in Part 5 of the Schedule.

**Regulations** means the Transfer of Undertakings (Protection of Employment) Regulations 2006.

**Rent Deposits** means in relation to any Leasehold Property, any sum held by the relevant landlord pursuant to the terms of the relevant lease including for the avoidance of doubt any ancillary document by way of security against the non-performance of the relevant Property Company as tenant of any provision of such lease.

**Representation** means any representations, statements, or assurances, warranties and arrangements, prior drafts, agreements, understandings or undertakings, of any nature whatsoever, whether or not in writing, whether express or implied, statutory, customary or otherwise and whether contractual or otherwise (whether made innocently, negligently or otherwise but not fraudulently), given or existing before the Completion Date.

**Retail Bar and Hotel Properties** means the DogTap and the leasehold properties listed in Section 2 and Section 4 of Part 2 of the Schedule and each a **Retail Bar and Hotel Property**.

**Retail Business** means Retail's business as operator of the Retail Bar and Hotel Properties as carried on exclusively from the Retail Bar and Hotel Properties as at the Completion Date under the Name.

**Retail Business Intellectual Property** means any Intellectual Property owned by Retail and used in the Retail Business.

**Retail Contracts** means the Retail Customer Contracts and the Retail Supply Contracts.

**Retail Customer** means any person who was a customer of Retail in relation to the Retail Business.

**Retail Customer Contracts** means any contracts entered into prior to the Completion Date by or on behalf of Retail with Retail Customers for sale of goods and/or provision of services by Retail which remain (in whole or in part) to be performed by Retail on the Completion Date.

**Retail Customer Database** means the electronic database storing Retail Customer information under the control of Retail as at the Completion Date.

**Retail Customer List** means the names and contact details of and other customer specific information relating to the Retail Customers in the possession of the Administrators on or prior to the Completion Date as set out in the Retail Customer Database.

**Retail Equipment** means the equipment and other chattels owned by Retail and used in connection with the Retail Business at the Completion Date located at the Retail Bar and Hotel Properties (but excluding any landlord's fixtures and fittings) and Hop Hub 1.

**Retail Goodwill** means any goodwill of Retail in connection with the Retail Business, including but not limited to established customer relationships, distribution footprint, brand reputation, market positioning, awards and certifications together with the right (insofar as Retail has the right to grant the same) for the Purchaser to represent itself as carrying on the Retail Business in succession to Retail.

**Retail Information Technology** means the Information Technology owned by Retail and used in the Retail Business.

**Retail Stock** means the stock in trade (other than such items which are ROT Assets or Lien Stock) of Retail and used in connection with the Retail Business and situated at the Retail Bar and Hotel Properties on the Completion Date.

**Retail Supply Contracts** means any contracts of supply entered into prior to the Completion Date by or on behalf of Retail with Retail Suppliers which remain (in whole or in part) to be performed by the Retail Suppliers on the Completion Date, including for the supply of Information Technology.

**Retail Suppliers** means any person who at any time prior to the Completion Date was or is a supplier of goods (including components, raw materials or finished materials) and/or provision of services to Retail in relation to the Retail Business.

**Returns** means all and any goods supplied by either of the Property Companies or the Administrators on behalf of the relevant Property Company prior to the Completion Date but returned by the Customers at any time whether prior to or from the Completion Date.

**Reversioner** has the meaning given in Part 11.

**ROT Assets** means all items (if any) (including but not limited to Stock and Equipment) in the possession of either of the Property Companies on the Completion Date which have been supplied to the relevant Property Company pursuant to contracts which have effectively or purportedly reserved title in those items to the supplier as at that date.

**ROT Claim** means a claim made by a supplier of ROT Assets (or a person deriving title from such a supplier), which have been delivered into the possession of a party, for the return of those ROT Assets, or for the payment of damages for wrongful interference with them, on the basis that title to them had not passed to that party before such delivery.

**Scottish Leasehold Properties** means the Scottish Warehouses and the leasehold properties situated in Scotland and listed in Section 2 of Part 2 of the Schedule and each a **Scottish Leasehold Property**.

**Scottish Premises Licence** means a premises licence for the sale of alcohol and permitted regulated activities under the Licensing (Scotland) Act 2005 in respect of the Scottish Leasehold Properties and the Heritable Properties.

**Scottish Properties** means the Heritable Properties and the Scottish Leasehold Properties and **Scottish Property** means any one of the Scottish Properties.

**Scottish Warehouses** means Hop Hub 1 and Hop Hub 2.

**Social Media Accounts** means those social media usernames, handles and accounts listed in Part 6 of the Schedule.

**Standard Conditions** means the Standard Commercial Property Conditions (Third Edition – 2018 Revision) and a reference in this agreement to a **Standard Condition** means the respective condition in the Standard Conditions.

**Stock** means the PLC Stock, the Draft House Stock, and the Retail Stock.

**Stock Transfer Form** means the electronic stock transfer form in relation to the Shares in the form set out at Part 18 of the Schedule

**Supplier Prepayments** means the payments made by any Property Company to the suppliers of the Companies' Businesses existing at the Completion Date.

**Tax** means any form of tax and any duty, levy, withholding, contribution, impost or tariff in the nature of tax (including, for the avoidance of doubt, any national insurance contribution liabilities or deductions under PAYE in the United Kingdom and any equivalent or similar obligations elsewhere) together with all related penalties, fines, surcharges, charges and interest.

**Third Party Assets** means all assets in the possession of either of the Property Companies and/or the Administrators in relation to either of the Companies' Businesses which are on loan, subject to lease, hire purchase, conditional sale, rental, contract hire or other agreements which do not pass title to the relevant Property Company, or of which it is for any reason bailee.

**Third Party Consent** means any consent, agreement, approval, authorisation or waiver required from a third party for the assignment of any Contract to the Purchaser.

**TOGC** means the transfer of a business or part of a business as a going concern for the purposes of section 49 of the VAT Act and article 5 of the Value Added Tax (Special Provisions) Order 1995.

**Transferred Assets** means the assets listed in clause 2.1.

**Trading Period** has the meaning given to the term in the TSA.

**TSA** means the transitional Services agreement to be entered into on Completion between (1) PLC, (2) the Administrators and (3) the Purchaser under which PLC shall continue to operate the brewery and wholesale operations during the Trading Period in the form set out in Part 10 of the Schedule.

**TSG7** means TSG7 A AIV II Holdings (Cayman) L.P. an exempted limited partnership established and registered in the Cayman Islands with registration number 119658 whose registered office in the Cayman Islands is c/o Maples Corporate Services Limited, PO Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands, acting through its general partner, TSG7 A Management (Cayman) Ltd., a Cayman Islands exempted company.

**UK Business Intellectual Property** means the Business Intellectual Property that subsists in, or is registered in, or is the subject of an application to be registered in, the United Kingdom.

**UK Data Protection Laws** means the GDPR as transposed into United Kingdom national law by operation of section 3 of the *European Union (Withdrawal) Act 2018* and as amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019, together with the *Data Protection Act 2018*, the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019 and other data protection or privacy legislation in force from time to time in the United Kingdom.

**US Subsidiaries** means each of the following companies:

- (a) BrewDog USA Inc;
- (b) BrewDog Columbus LLC;
- (c) BrewDog Brewing Company LLC;
- (d) BrewDog DogTap LLC;
- (e) BrewDog Indianapolis LLC;
- (f) BrewDog Pittsburgh LLC;
- (g) BrewDog Franchising LLC;
- (h) BrewDog Licencing LLC;
- (i) BrewDog Las Vegas LLC; and
- (j) BrewDog Atlanta LLC.

**VAT** means value added tax imposed by the VAT Act and any tax of a similar nature whether in the United Kingdom or elsewhere and any similar tax substituted for it or imposed in addition to it.

**VAT Act** means the United Kingdom's *Value Added Tax Act 1994* (as amended from time to time).

**VAT Records** means the records which each Company is required by Law to retain for VAT purposes.

1.2 In this agreement (unless the context requires otherwise) any reference to:

- (a) any gender includes all genders, any reference to the singular includes the plural (and vice versa), and references to persons includes individuals, bodies corporate, unincorporated associations and partnerships (whether or not any of them have a separate legal personality);
- (b) **Law** or **Laws** includes all applicable laws (whether civil, criminal or administrative), common laws or civil codes, statutes and statutory obligations, subordinate legislation, treaties, regulations, directives and bye-laws in any jurisdiction, in each case for the time being in force (whether before, on or after the date of this agreement, except when, but only to the extent that, any Law made after the date of this agreement would increase or extend the liability of any party under any provision of this agreement);
- (c) a specific Law or provision of a Law includes:
  - (i) that Law or provision as amended or re-enacted;
  - (ii) any Law which that Law or provision re-enacts (with or without modification); and
  - (iii) any Law made under it,

in each case for the time being in force (whether before, on or after the date of this agreement, except when, but only to the extent that, any amendment, re-enactment or Law made after the date of this agreement would increase or extend the liability of any party under any provision of this agreement);
- (d) any indemnity, payment obligation or covenant to pay (**Payment Obligation**) being given on an **After-Tax Basis** or expressed to be **calculated on an After-Tax Basis** means that, when, but only to the extent that, the amount payable pursuant to such Payment Obligation (**Payment**) is subject to a deduction or withholding required by Law in respect of Tax or is chargeable to any Tax in the hands of the recipient, such amount shall be increased so as to ensure that, after taking into account:
  - (i) the amount of Tax required to be deducted or withheld from, and the Tax chargeable on, such amount (including on the increased amount); and
  - (ii) any Tax credit, repayment or other benefit which is available to the indemnified party or the recipient of the Payment solely as a result of the matter or thing giving rise to the Payment Obligation, receiving the Payment or the deduction or withholding in question,

the recipient of the Payment is in the same position as it would have been had no such deduction or withholding been required or Tax been payable;
- (e) obligations undertaken by a party which comprise more than one person shall be deemed to be made by them jointly and severally;
- (f) a clause or schedule is to a clause of or schedule to this agreement, any reference to a part or paragraph is to a part or paragraph of a schedule to this agreement, any reference within a schedule to a part is to a part of that schedule, and any reference within a part of a schedule to a paragraph is to a paragraph of that part of that schedule;
- (g) any professional firm or company includes any firm or company effectively succeeding to the whole, or substantially the whole, of its practice or business;
- (h) the contents list, headings and any descriptive notes are for ease of reference only and shall not affect the construction or interpretation of this agreement;

- (i) **including, includes or in particular** means including, includes or in particular without limitation;
- (j) the *Interpretation Act 1978* shall apply to this agreement as it does to an Act of Parliament;
- (k) except as expressly set out in this agreement, any lists contained in any schedule or annexure, are for guidance only and are not exhaustive or complete lists of the items in question, shall not constitute any warranty in respect of the Companies' ownership of the listed items or otherwise, and any discrepancy in such lists shall not entitle the Purchaser to claim compensation or damages or a reduction in or repayment of the Consideration paid or payable nor entitle the Purchaser to rescind this agreement; and
- (l) a reference to the Administrators shall be construed as being to the Administrators both jointly and severally and to any other person who is appointed as an administrator in substitution for any administrator or as an additional administrator in conjunction with the Administrators or, for the avoidance of doubt, to a single administrator in the event the number of administrators is or becomes one.

1.3 This agreement incorporates the schedule to it.

## 2 Agreement to sell and purchase

2.1 Subject to the terms of this agreement, each of the Companies (acting by the Administrators) shall sell with no title guarantee and the Purchaser shall purchase as at and with effect from the Completion Date the Companies' Businesses (including such right, title and interest as the relevant Company then has (if any) and can transfer in the following assets):

- (a) the Books and Records;
- (b) the Business Intellectual Property;
- (c) the Branded Materials;
- (d) the benefit subject to the burden (where applicable) of the Contracts and all partly completed goods and/or services allocated by the Property Company to the Contracts;
- (e) the Customer Lists;
- (f) the Equipment;
- (g) the Loose Plant and Machinery;
- (h) the Goodwill;
- (i) the Business Information Technology;
- (j) the Name;
- (k) the English Leasehold Properties, subject to the further conditions set out in Part 11 of the Schedule;
- (l) the Scottish Properties, subject to the further conditions set out in Part 12 of the Schedule; and
- (m) the Stock (excluding the PLC Finished Stock);
- (n) the PLC Finished Stock (subject to and in accordance with clauses 6.3(b) and 9.1);
- (o) the Leasehold Debts;
- (p) the Supplier Prepayments;
- (q) the Irish Shares; and
- (r) the Irish Receivables.

with the intent that the Purchaser shall from the Completion Date carry on each of the Companies' Businesses as a going concern in succession to, and excluding the Property Companies. For the avoidance of doubt, title to the PLC Finished Stock, Ellon Site, Hop Hub 1 and Hop Hub 2 shall not transfer at Completion but shall instead transfer on the relevant Property Transfer Date in accordance with clause 9.

2.2 The Purchaser shall fully indemnify and keep each of the Companies and the Administrators fully indemnified on demand in respect of all costs, claims, demands, expenses and liabilities arising as a result of the use, ownership, possession, exercise of rights or disposal by the Purchaser of the Transferred Assets (or any of them) on or after the Completion Date.

2.3 It is the Purchaser's responsibility (at its own expense) to apply for and obtain any necessary or appropriate licences, consents, permits, registrations or rights to use or have the benefit of any of the Transferred Assets. Failure to obtain any requisite licence, consent, permit, registration or right shall not prejudice this agreement nor entitle the Purchaser to rescind this agreement or prejudice the Consideration payable under this agreement.

## 3 Excluded Assets

For the avoidance of doubt and without limitation, there shall be excluded from the sale effected by this agreement:

- 3.1 all Excluded Data;

- 3.2 all cash in hand or at any bank or other financial institution and all cheques, bills or other negotiable instruments;
- 3.3 the benefit of any actual or potential claim, or right to make a claim, which either of the Companies or the Administrators may have against any person (including any claim under any policies of assurance, insurance, indemnity and trade credit insurance or against any Employee or former employee), including the proceeds of any litigation;
- 3.4 the benefit of any actual or potential claim, or right to make a claim, made or to be made by either of the Companies or the Administrators for repayment of any Tax or Tax allowance, relief or credit;
- 3.5 the benefit of any actual or potential claim, or right to make a claim, made or to be made by either of the Companies or the Administrators for grants from any government, local or public authority;
- 3.6 the Debts;
- 3.7 the Lien Stock;
- 3.8 any heritable, freehold or leasehold properties other than the Properties owned, leased, used or occupied by either of the Companies and any landlords' fixtures and fittings therein;
- 3.9 the rights of the Companies in relation to any pension, trust or fund established by it or affecting the Employees or any former employees;
- 3.10 the ROT Assets, the Leased Equipment, and any other Third Party Assets;
- 3.11 any shares, investments or any other securities owned by the Companies other than the Irish Shares;
- 3.12 any vehicles used by the Companies;
- 3.13 the heritable interest in the Ellon Site and the leasehold interests in Hop Hub 1 and Hop Hub 2 until the Property Transfer Date; and
- 3.14 any other asset, contract, property or right not listed in clause 2.1.

#### **4 Consideration**

- 4.1 The Consideration payable by the Purchaser for the Companies' Businesses (and the Transferred Assets) shall be apportioned as set out in Part 1, Part 2 and Part 3 of the Schedule.
- 4.2 The Consideration payable by the Purchaser to the Companies under the terms of this agreement shall be drawn on the client account of the Purchaser's Solicitors and paid by way of telegraphic transfer in cleared funds to such client account of the Administrators' Solicitors as is notified to the Purchaser's Solicitors.
- 4.3 The portion of the Consideration attributable to each of the Ellon Site, Hop Hub 1 and Hop Hub 2 shall be retained by the Administrators' Solicitors to their irrevocable undertaking in a segregated, interest-bearing client account, such undertaking to require that those funds are:
  - (a) held to the order of the Purchasers' Solicitors; and
  - (b) released to the Administrators' Solicitors automatically on the respective Property Transfer Date (being the end of the term of the TSA), without the need for further authority, notice or instruction from the Purchaser or the Purchaser's Solicitors.

#### **5 VAT and other tax provisions**

##### *Transfer of a going concern*

- 5.1 The consideration for all supplies for VAT purposes made or deemed to be made under or in connection with this agreement shall be deemed to be exclusive of VAT. The party receiving the supply in question shall pay to the party making that supply (in addition to the consideration) all VAT for which the party making the supply is required to account to HMRC in relation to that supply after production of a valid VAT invoice. Subject to the prior sentence and the provisions of clause 5.9, all VAT payable under this agreement shall be paid at the same time as the payment (or provision of consideration) to which the VAT relates.
- 5.2 Standard Condition 2 shall not apply.
- 5.3 Any reference to a person in this clause 5 shall, where appropriate and unless the context otherwise requires, be construed so as to include a reference to the representative member of any VAT group (for the purposes of section 43 of the VAT Act) of which that person may be a member from time to time.
- 5.4 The parties believe that the sale of the Companies' Businesses (including the Transferred Assets) will be treated by HMRC as a TOGC and they shall use their reasonable endeavours to procure that the sale is treated as such. This obligation shall not require the Companies or the Administrators to make any appeal against any determination of HMRC that the sale does not amount to a TOGC.
- 5.5 The Purchaser warrants to the Companies and to the Administrators that:
  - (a) it is duly registered with HMRC for VAT purposes with VAT registration number 485743940;
  - (b) it has made an Option to Tax (with the consent of HMRC where required) and has notified HMRC of such Option to Tax in accordance with schedule 10 to the VAT Act. The Purchaser has provided the Administrator's Solicitors with evidence (to the Administrator's reasonable satisfaction) of such notice having been made and received by HMRC (it being agreed that copies of the VAT1614A in relation to each

Property, a copy of an email to HMRC's option to tax unit and an automated email receipt of such email shall be treated as sufficient evidence);

- (c) it shall not revoke its Option to Tax referred to at paragraph (b) of this clause 5.5 before or within six months of Completion;
- (d) it intends to continue the Business of each Company at or in relation to the Transferred Assets as a going concern;
- (e) it is not a member of the same VAT group (for the purposes of section 43 of the VAT Act) as any tenant or licensee at any Property;
- (f) it is not buying the Transferred Assets as a nominee of or trustee for any other person; and
- (g) article 5(2B) of the Value Added Tax (Special Provisions) Order 1995 (as amended) (**Order**) does not apply to the Purchaser in relation to the purchase of the Properties (it being agreed that this warranty constitutes a notification to the Companies and to the Administrators' Solicitors to that effect in accordance with the Order),

and acknowledges that, if it is in breach of any such warranties, VAT may be payable in relation to the Consideration.

5.6 Each Company shall so far as it is able to do so:

- (a) retain ownership of all VAT Records relating to the Transferred Assets in respect of periods prior to Completion and which are required to be preserved for any period after Completion under the VAT Act; and
- (b) permit the Purchaser at all reasonable times and subject to reasonable written notice to inspect and take copies of the VAT Records at the cost of the Purchaser.

5.7 If, notwithstanding clause 5.6, possession of any of the VAT Records passes to the Purchaser, the Purchaser shall at its own cost retain such VAT Records within the United Kingdom in good order and undertake forthwith on request by the Administrators, the Companies or its agent and at the Purchaser's cost to deliver up such records.

5.8 The Purchaser shall fully indemnify and keep each of the Companies and the Administrators fully indemnified on demand against any Claim or Loss which is or may be incurred as a result of the passing of possession of any such VAT Records to the Purchaser.

5.9 If HMRC seeks to argue that VAT is payable on all or any part of the Consideration payable pursuant to this agreement the Companies shall (and the Administrators (for so long as they remain in office) shall procure that the Companies shall) use commercially reasonable efforts at the Purchaser's sole cost to satisfy HMRC that the relevant supplies should be regarded as a part of a TOGC and the Purchaser undertakes to provide reasonable assistance for this purpose. If, notwithstanding such efforts, it is determined in writing by HMRC that the sale of all or any part of the Companies' Businesses (including the Transferred Assets) under this agreement does not constitute a TOGC, then the VAT chargeable by a Company, the Companies or the Administrators shall be paid by the Purchaser to the relevant Company that owned the relevant Transferred Assets or to the Administrators by the later of (i) Completion and (ii) the date that is five Business Days following the relevant Company or the Administrators delivering the written determination from HMRC to the Purchaser and demanding payment. The Purchaser shall fully indemnify and keep each of the Companies and the Administrators full indemnified against any penalty and interest charges incurred to HMRC in relation to such VAT. Any payments required to be made in relation to penalty and interest charges shall be made within five Business Days of written demand.

5.10 If, subsequent to the Purchaser paying an amount in respect of VAT (or related interest or penalties) in accordance with this Agreement, it is determined in writing by HMRC (or any tribunal, court or other competent authority) that all or part of the VAT was not so payable, the Companies shall (and the Administrators (for so long as they remain in office) shall procure that the Companies) promptly repay such amounts to the Purchaser following receipt of any such written determination.

#### *Stamp Duties*

5.11 The Purchaser shall pay any stamp duties payable in respect of this agreement or any other document entered into or executed in connection with or pursuant to this agreement.

#### *Capital allowances*

5.12 Promptly following Completion but strictly subject to the Administrators obtaining confirmation of the tax written down value in the Property Companies' past tax returns (which the Administrators shall use reasonable endeavours to do promptly), the Buyer and the Property Companies (acting by the Administrators) agree that they shall enter into an election (an **Election**) under section 198 of the Capital Allowances Act 2001 (**CAA**) in respect of each of the Properties in a form agreeable to each of them, acting reasonably. In the event the Administrators are unable to do so, the Administrators shall inform the Purchaser and the Administrators and the Purchaser shall discuss the matter and use reasonable good faith endeavours to reach a reasonable resolution. The Elections shall, without limitation, apportion the Consideration which is attributed to fixtures at each Property, showing separate figure for integral fixtures and ordinary fixtures. The Property Companies and the Purchaser agree and confirm that they will comply with their respective procedural obligations under section 201 of the CAA in respect such Elections and Elections will be executed and submitted as soon as reasonably practicable after Completion.

5.13 If HMRC for any reason raises any question concerning, or disputes the validity of the figures in an Election, the party with whom the question has been raised or who is in dispute shall:

- (a) keep the other parties fully informed;
- (b) send the other parties copies of all material correspondence with HMRC (or relevant extracts) in relation to the matter; and
- (c) provide the other parties reasonable opportunity to comment on any correspondence to be submitted to HMRC.

## **6 Completion**

Completion shall take place on the Completion Date at the offices of the Administrators' Solicitors or at such other place as the Administrators may direct to the Purchaser at least two Business Days prior to the Completion Date, when:

- 6.1 subject to the Purchaser having complied fully with its obligations under clause 6.2, the Companies shall so far as they are able to do so:
- (a) make available for collection by the Purchaser at their then current locations/at the relevant Properties those Transferred Assets title to which is capable of transfer by delivery (which shall include (without limit) the physical handover of tangible materials, and the electronic access and export or download in a standard, portable format of intangible materials in which Acquired Data and Business Intellectual Property subsist);
  - (b) execute the Acquisition Documents to which it is an executing party;
  - (c) deliver to the Purchaser the Deeds of Partial Release and the Discharges of Standard Security executed by the relevant Lender;
  - (d) grant the Licences to the Purchaser. The Purchaser acknowledges that the grant of the Licences may amount to a breach of the relevant Lease (if applicable) (or any other occupational right of the relevant Company in relation to the relevant Property) and any risk in respect thereof or in respect of any refusal on the part of any Reversioner to consent to each of the Licences is the Purchaser's alone;
  - (e) deliver to the Purchaser all electronic copies of the English Premises Licences; and
  - (f) deliver to the Purchaser (to the extent available to International and in the possession of the Administrators) the electronic share certificate in respect of the Irish Shares.

6.2 the Purchaser shall:

- (a) pay, in accordance with clause 4.2:
  - (i) the Consideration; and
  - (ii) all other sums payable by virtue of any obligation imposed on the Purchaser by this agreement if, but only to the extent, that such sums are ascertainable on the Completion Date;
- (b) execute all documents delivered by the Companies which require execution by the Purchaser, including, but not limited to, the Acquisition Documents to which the Purchaser is an executing party;
- (c) deliver to the Companies all documents delivered by the relevant Company which require execution by the Guarantor, including, but not limited to, the Acquisition Documents to which the Guarantor is an executing party;
- (d) make such lawful arrangements as it sees fit for collecting any of the Transferred Assets which are not situated at any of the Properties; and
- (e) deliver to the Companies a copy of the duly executed power of attorney under which any Acquisition Document has been or is to be executed by the Purchaser or the Guarantor, certified as a true copy of the original by the Purchaser's Solicitors.

6.3 Notwithstanding completion of the sale on the Completion Date, the parties agree that:

- (a) PLC shall continue to own the Ellon Site subject to the provisions of this agreement;
- (b) the legal title to the PLC Stock shall remain with PLC;
- (c) the Purchaser engages PLC and the Administrators to provide the services pursuant to the TSA during the Trading Period;
- (d) Retail shall retain possession of Hop Hub 1 pursuant to the TSA during the Trading Period; and
- (e) PLC shall retain its leasehold interest in Hop Hub 2 pursuant to the TSA during the Trading Period.

6.4 Transfer of title and/or leasehold interest to the Purchaser in respect of the Ellon Site, Hop Hub 1 and Hop Hub 2 shall occur automatically on the Property Transfer Date (being the end of the term of the TSA) without the need for further notice or action by any party. The legal transfer/assignment of each such property interest shall take effect on the relevant Property Transfer Date (being the end of the term of the TSA), in accordance with clause 9.

## **7 Further assurance**

- 7.1 Without prejudice and in addition to the other provisions of this agreement the Companies will so far as they are reasonably able, after and notwithstanding Completion (at the Purchaser's expense and for such time as the Administrators remain in office) execute and deliver any other documents and do (or procure to be done) such things as may reasonably be required from time to time by the Purchaser to vest in the Purchaser (and for the Purchaser to receive) the Transferred Assets in accordance with the terms of this agreement.
- 7.2 PLC or Retail (as relevant) shall, at the relevant Property Transfer Date, execute the Disposition (Ellon), the assignment of the lease of Hop Hub 1, and the assignment of the lease of Hop Hub 2, subject always to landlord consent where required.
- 7.3 Without prejudice and in addition to the other provisions of this agreement, the Purchaser and the Guarantor shall, after and notwithstanding Completion from time to time and at their own expense, do (or procure to be done) all such other things and/or execute and deliver (or procure to be executed and delivered) all such other documents as may reasonably be required to give full effect to the Acquisition Documents.
- 7.4 The terms of all documents referenced in clause 7.1 and 7.2 shall be subject to the prior approval of the Administrators' Solicitors.

7.5 Each of the Property Companies shall provide (to the extent available to the relevant Property Company and in the possession of the Administrators) the following information to the Purchaser within one Business Day of the Completion Date:

- (a) all identifiers, passwords and authentication tokens, two-factor authentication recovery codes, backup codes, and details of the device or application on which any two-factor authentication is configured, required to control and transfer the Domain Names; and
- (b) the log-in details for the Social Media Accounts, including but not limited to the usernames, passwords, access codes, two-factor authentication recovery codes and any security questions and the answers to those questions.
- (c) all administrator credentials, passwords, licence keys, API keys, and authentication tokens for all IT systems, servers, cloud accounts, SaaS platforms, email systems, ERP systems, CRM systems, e-commerce platforms, and other Information Technology forming part of the Transferred Assets; and
- (d) all documentation and information reasonably required for the Purchaser to operate the Information Technology forming part of the Transferred Assets.

7.6 Each of the Property Companies (acting by the Administrators) shall (to the extent possible using reasonable endeavours):

- (a) initiate within one Business Day of the Completion Date the transfer of each Domain Name to the Purchaser or its nominee, including providing transfer authorisation codes and unlocking the Domain Names for transfer (to the extent available to the relevant Property Company and in the possession of the Administrators);
- (b) cooperate with the Purchaser's reasonable requests to effect the transfer of administrative control of each Social Media Account to the Purchaser; and
- (c) not, and shall procure that the Administrators shall not, take any step to suspend, cancel, or transfer any Domain Name or Social Media Account to any person other than the Purchaser.

7.7 The Property Companies (acting by the Administrators) shall within one Business Day of the Completion Date to the extent within their possession or control and possible using reasonable endeavours:

- (a) deliver to the Purchaser full administrative control of all email systems used by the Companies' Businesses, including global administrator credentials, tenant-level access rights, passwords, authentication tokens, and two-factor authentication recovery codes;
- (b) transfer control of all domain routing configurations (including MX records) necessary to operate the Property Companies' email services;
- (c) provide to the Purchaser a complete export of all mailbox contents, shared mailboxes and distribution lists in a standard, portable format;
- (d) pending completion of migration to the Purchaser's systems (and in any event for a period of up to 180 days following Completion), not suspend, terminate, downgrade, delete, purge or materially alter any email account, mailbox data, tenant configuration or subscription without the Purchaser's prior written consent and shall configure automatic forwarding of incoming emails to such addresses as the Purchaser may specify; and
- (e) where any email system is provided by a third-party provider and transfer of tenant ownership or subscription requires provider approval or third-party consent, use all reasonable endeavours to procure such transfer/novation to the Purchaser (or its nominee) and, pending completion of that transfer/novation, grant the Purchaser administrative access and cooperate with any provider process (including KYC/onboarding) required to maintain uninterrupted service.

7.8 The Purchaser shall fully indemnify and keep each of the Companies and the Administrators fully indemnified on demand in respect of the reasonable remuneration and all costs and expenses (including legal expenses) incurred by the relevant Company and/or the Administrators, acting reasonably in providing assistance pursuant to this clause 7.

## **8 Transfer of Contracts**

8.1 The Purchaser shall, from the Completion Date, take over, adopt and accept responsibility for, and meet all liabilities in connection with, the completion of the Contracts and the Purchaser shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand against any Claim or Loss in respect thereof.

8.2 This agreement constitutes an assignment to the Purchaser of the benefit of each Contract:

- (a) which can be assigned by the Property Company without any Third Party Consent; and
- (b) which cannot be assigned without Third Party Consent, but in respect of which such Third Party Consent has been obtained at or before the Completion Date,

in each case, with effect from the Completion Date.

8.3 Insofar as any of the Contracts cannot effectively be transferred to the Purchaser except by way of novation or with a Third Party Consent to an assignment and such Third Party Consent has not been obtained at or before the Completion Date:

- (a) this agreement shall not constitute an assignment or an attempted assignment of such Contract;
- (b) the Purchaser shall (at the Purchaser's expense) co-operate (so far as is reasonable and practicable) with the relevant Property Company and the Administrators and shall use reasonable endeavours to procure that such Third Party Consent is obtained and the Purchaser shall seek to enter into such form of assignment or novation as the relevant Property Company shall require (and the Purchaser shall promptly provide copies of any such consents, assignments and novations to the relevant Property Company and the Administrators); and

- (c) from the Completion Date and until such Third Party Consent is obtained or any such Contract is novated, the Purchaser shall, for its own benefit and if, but only to the extent that, such Contract permits, perform (and if, but only to the extent that, the Contract does not permit, offer to perform at the Purchaser's expense) all the obligations of the relevant Property Company and the Administrators thereunder and shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand against any Claim or Loss arising as a result of any act, neglect, default or omission on the part of the Purchaser to perform or comply with any such obligation of the Property Companies or the Administrators.

8.4 Any failure for whatever reason to assign or to novate any Contract or to perform the obligations under any Contract as subcontractor or agent shall not entitle the Purchaser to claim compensation or damages or a reduction in or repayment of the Consideration paid or payable or entitle the Purchaser to rescind this agreement, all rights to which are hereby expressly waived and released by the Purchaser.

8.5 The Purchaser hereby undertakes at its own expense:

- (a) to complete in a proper and workmanlike manner and meet all liabilities in connection with the Contracts (unless excluded from the sale) and to fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand against any Claim or Loss arising in respect thereof;
- (b) to meet all warranty and product liability claims and to remedy all breaches of express and implied terms of agreements with Customers arising out of acts or omissions, whenever arising; and
- (c) to deal with the Returns in accordance with the rights of any Customers of the PLC Business or Retail Business (as relevant) and to use its best endeavours to assist the Property Companies and the Administrators in determining the validity of any Customer's right to make Returns provided that the Property Companies and the Administrators reserve the right:
  - (i) to deal with all or any of the Returns in their sole discretion; and
  - (ii) to require the Purchaser to use its best endeavours to assist the relevant Property Company and the Administrators in selling or otherwise disposing of all or any of the Returns.

8.6 Notwithstanding any other provisions of this agreement, the Purchaser acknowledges and accepts the risk that:

- (a) the Property Companies may not be entitled to novate or assign some or all of the Contracts;
  - (b) some or all of the Contracts may have already been breached or terminated;
  - (c) any other party to the Contracts may refuse to continue performance of its contractual obligations unless the Purchaser is willing to remedy such breach;
  - (d) any other party to the Contracts may refuse to continue with the performance of its contractual obligations on the same terms or at all; and
  - (e) any other party to the Contracts may exercise or purport to exercise rights of set-off or counterclaim against the Purchaser, and
- there shall be no abatement or reduction of the Consideration payable for the Transferred Assets under this agreement in any such circumstances.

8.7 The Purchaser shall assume all expenses incurred in the operation of this clause 8 and in respect of any outgoing or obligations whatsoever under any Contract (whether arising before or from the Completion Date).

8.8 The Purchaser shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand in respect of the reasonable remuneration, costs, expenses (including legal expenses) and other outgoing or obligations incurred by the Property Companies and/or the Administrators, acting reasonably, in providing assistance requested by the Purchaser pursuant to this clause 8.

## **9 Deferred Transfer of PLC Finished Stock, Ellon Site and Hop Hub Sites**

This clause 9 sets out the conditions applicable to the deferred transfers of the PLC Finished Stock, Ellon Site, Hop Hub 1 and Hop Hub 2.

### **9.1 PLC Finished Stock**

There shall be an irrevocable and unconditional transfer of any remaining PLC Finished Stock in the possession of PLC and which has not otherwise been sold or transferred to any Customer automatically on the Property Transfer Date (being the end of the term of the TSA).

### **9.2 Ellon Site (Heritable)**

- (a) PLC shall grant a Disposition of the Ellon Site on the Property Transfer Date (being the end of the term of the TSA).
- (b) PLC shall continue to operate the brewery during the Trading Period pursuant to the TSA.

### **9.3 Hop Hub 1 (Retail Leasehold)**

- (a) Retail shall assign the lease of Hop Hub 1 on the Property Transfer Date subject to Consent (having the meaning given in Part 12).
- (b) During the Trading Period, Retail shall retain possession; the Purchaser shall fund rent and all other lease sums (as provided in the TSA).
- (c) If landlord consent is not obtained by the end of the Trading Period, the licence of Hop Hub 1 pursuant to the Hop Hub 1 Licence shall commence.

#### **9.4 Hop Hub 2 (PLC Leasehold)**

- (a) PLC shall assign its leasehold interest in Hop Hub 2 to the Purchaser on the Property Transfer Date, subject to Consent (having the meaning given in Part 12).
- (b) For the avoidance of doubt, PLC shall have no obligation to vary, terminate or procure the termination of the existing sublease prior to the assignation, and the Purchaser shall have no right to require any such variation, termination or renegotiation as a condition to Completion.
- (c) During the Trading Period, PLC shall retain its leasehold interest in Hop Hub 2 and the Purchaser will fund all rent and all other sums provided in the TSA.
- (d) If landlord consent is not obtained by the end of the Trading Period, the licence of Hop Hub 2 pursuant to the Hop Hub 2 Licence shall commence.

#### **10 PDQ Machines**

10.1 The Property Companies shall leave the PDQ Machines at the relevant Bar and Hotel Properties for the PDQ Machines Period (or such lesser period in accordance with clause 10.2 below).

10.2 At the end of the PDQ Machines Period or earlier if:

- (a) the Purchaser obtains alternative credit card processing machines and ancillary equipment in accordance with clause 10.8 below; or
- (b) the Purchaser breaches this clause 10; or
- (c) a merchant services provider to the relevant Property Company requires in writing the return or cessation of use of the PDQ Machines,

each Property Company and/or the Administrators shall be entitled at the Purchaser's reasonable cost and expense to remove the PDQ Machines and the Purchaser shall, as soon as reasonably practicable following receipt of a written demand, deliver the PDQ Machines to the Administrators or as otherwise directed by the Administrators.

10.3 The Property Company shall not object to nor hinder any arrangements which the Purchaser may wish to make with the owners of the PDQ Machines and shall (at the Purchaser's reasonable cost and expense) execute such documents as the Purchaser may reasonably require, in such terms as may be approved by the Administrators, to acquire title or continue use, provided always that if the owner of the PDQ Machines refuses to sell or otherwise make available the PDQ Machines to the Purchaser then the Purchaser shall forthwith deliver up such item for collection and removal by the owner.

10.4 The Purchaser acknowledges that neither the Property Companies nor the Administrators can require any merchant services provider to continue to provide merchant services (including but not limited to providing the PDQ Machines) The risk in this respect is entirely for the Purchaser and the Purchaser shall not be entitled to make any Claims or recovery for Loss or seek any reduction in the Consideration in respect of the PDQ Machines.

10.5 If following Completion, any Property Company shall receive any PDQ Income, the relevant Property Company (acting by the Administrators) shall, within 10 Business Days of the earlier of either the cessation of use of the PDQ Machines by the Purchaser, or the end of each week in which the relevant Property Company or the Administrators receive the PDQ Income, account for any such PDQ Income in cleared funds to the Purchaser to such account nominated in writing by the Purchaser.

10.6 For the avoidance of doubt, the Property Companies and the Administrators shall be under no obligation to submit for payment any transaction made using the PDQ Machines (including without limitation in respect of any transaction made on or after the Completion Date) or take action (of whatever nature) in respect of any chargeback, levy or fee imposed by a card issuer. The Purchaser shall be responsible, and at its own risk, for all submissions relating to transactions after the Completion Date.

10.7 From the Completion Date, the use of the PDQ Machines is at the Purchaser's own risk and neither the Property Companies and/or the Administrators shall have any liability or obligation to the Purchaser in respect of the PDQ Machines, save pursuant to clause 10.5 above.

10.8 The Purchaser shall use its reasonable endeavours to obtain alternative credit card processing machines and ancillary equipment as soon as possible after the Completion Date and, promptly after implementing such alternative credit card processing machines and ancillary equipment, shall stop using the PDQ Machines and shall notify the Property Companies and the Administrators of the same whereupon the Property Companies (acting by the Administrators) shall be free to collect at the Purchaser's reasonable cost and expense the PDQ Machines from the relevant Bar and Hotel Properties. Prior to collection of the PDQ Machines as aforesaid, the Purchaser shall be obliged to store the PDQ Machines and keep it in a safe and secure location at no cost to the Property Companies or the Administrators.

10.9 The Purchaser shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand from and against all hire, rental or other charges payable and any Claim or Loss arising in relation to the PDQ Machines of which the Purchaser has possession.

10.10 The Purchaser shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand in respect of the reasonable remuneration, costs, expenses (including legal expenses) and other outgoings incurred by any Property Company and/or the Administrators, acting reasonably, in providing assistance requested by the Purchaser pursuant to this clause 10.

#### **11 Leased Equipment**

11.1 The Property Companies shall be entitled to leave the Leased Equipment upon the Properties at the Completion Date. The Purchaser acknowledges that it has no title to nor right of possession or use of any such items or assets.

11.2 The Property Companies shall not object to nor hinder any arrangements which the Purchaser may wish to make with the owners of the Leased Equipment and shall (at the Purchaser's cost and expense) execute such documents as the Purchaser may reasonably require, in such terms as may be approved by the Administrators, to acquire title or continue use provided always that if the owner of any part of the Leased Equipment refuses to sell

or otherwise make available any part of the Leased Equipment to the Purchaser then the Purchaser shall forthwith deliver up such item for collection and removal by the owner.

11.3 The Purchaser shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand from and against all hire, rental or other charges payable and any Claim or Loss arising in relation to any item of Leased Equipment of which the Purchaser has possession.

11.4 The Purchaser shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand in respect of the reasonable remuneration, costs, expenses (including legal expenses) and other outgoings incurred by the Property Companies and/or the Administrators, acting reasonably, in providing assistance requested by the Purchaser pursuant to this clause 11.

## **12 ROT Assets**

12.1 The Property Companies shall be entitled to leave the ROT Assets upon the Properties at the Completion Date. The Purchaser acknowledges that it has no title to nor right of possession or use of any of the ROT Assets.

12.2 The Purchaser will comply with its obligations under clause 22.5 in relation to ROT Assets.

12.3 Insofar as reasonably practicable the Purchaser shall, at its own expense, separate and clearly identify the ROT Assets from the Stock and Equipment immediately following the Completion Date.

12.4 The Purchaser shall notify the Administrators and the Administrators shall notify the Purchaser, in writing as soon as practicable if it / they receive(s) notification from any creditor of any Property Company that it has an ROT Claim following which notification the relevant Stock shall be treated as ROT Assets and the Purchaser shall not without the prior written consent of the Administrators admit the ROT Claim or take any other action whatsoever in relation to such claim (such consent not to be unreasonably withheld or delayed).

12.5 Subject to clause 12.7, the Purchaser shall in consultation with the Administrators adjudicate upon and negotiation with a view to settling any valid ROT Claim and the Purchaser either shall:

- (a) direct the Administrators to reject the ROT Claim and in doing so provide the Administrators with reasons for such rejection; or
- (b) agree settlement of the ROT Claim and upon doing so the Purchaser undertakes that any such settlement shall only be made on the basis that the relevant supplier expressly releases the relevant Property Company and the Administrators from the ROT Claim. Title to ROT Assets subject to an ROT Claim shall pass to the Purchaser upon settlement of all ROT Claims in respect of such ROT Assets.

12.6 Upon receiving notification pursuant to clause 12.5(a) and where it is then established by agreement (or otherwise) between the Administrators and the relevant claimant that an ROT Claim is not valid and enforceable, such right, title and interest (if any) as the Property Companies have in the ROT Asset, the subject of that ROT Claim, will pass to the Purchaser, on the date of that agreement or court order.

12.7 If any ROT Claim is made against the Administrators personally or court proceedings in respect of any ROT Asset are considered by the Administrators to be imminent or are issued, the Administrators shall have sole conduct of that ROT Claim and will (provided the Administrators determine in their sole discretion it is reasonable to do so, having regard to, amongst other things, time constraints and unjustified risks likely to be assumed by the Administrators in taking such step), in conducting such ROT Claim, consult with the Purchaser at the sole cost and expense of the Purchaser, as applicable and take into account the Purchaser's reasonable wishes in connection with such ROT Claim.

12.8 The Purchaser shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand from and against any Claim or Loss which may arise as a result of the Purchaser's possession or use of any of the ROT Assets, except when, but only to the extent that, any such Claim or Loss is satisfied pursuant to the indemnity contained in clause 22.5.

## **13 Employees**

13.1 The Property Companies and the Purchaser agree and acknowledge that the sale of the Transferred Assets will constitute a 'relevant transfer' for the purposes of the Regulations and that pursuant to the Regulations on the Completion Date the Purchaser will become the employer of the Employees, whose contracts of employment and the rights, powers, duties and liabilities under or in connection with such contracts of employment shall be transferred to the Purchaser.

13.2 In the event that the Regulations do not apply to this agreement or have effect to transfer the employment of any of the Employees to the Purchaser, the Purchaser shall offer employment to such Employees within seven days of being informed of such fact on such terms and conditions as would have applied if the Regulations had applied to transfer their employment and all of the following provisions of this clause 13 shall apply as if the Regulations had applied.

13.3 Neither the Property Companies nor the Administrators shall have any liability to the Purchaser in respect of any claims, liabilities or obligations to which the Purchaser may become subject in respect of any of the Employees whenever arising and whether arising under the Regulations or otherwise.

13.4 The Purchaser agrees that it shall not claim, prove for or in any way seek to recover from the either of the Property Companies or the Administrators any claims, liabilities or obligations to which the Purchaser may become subject in respect of any of the Employees.

13.5 The Purchaser hereby agrees that notwithstanding Regulation 8(5) of the Regulations it is solely liable for the ERA Liabilities, shall make all such payments as are due to the Employees in this respect and neither the Property Companies nor the Administrators shall have any liability to the Purchaser or the Employees in respect of the ERA Liabilities (whether or not they are referable or relate to a period prior to and/or including the Completion Date).

13.6 The Purchaser shall procure that the Employees do not claim, prove for nor in any way seek to recover from the Property Companies, the Administrators and/or the NIF any of the ERA Liabilities that are referable or that relate to a period prior to and/or including the Completion Date.

13.7 The Purchaser shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand against any Claim or Loss arising in respect of the Employees including but not limited to those arising out of:

- (a) any failure to inform or consult the Employees or their representatives in relation to the proposed transfer of their contracts of employment;
- (b) any failure to provide information in respect of the Employees to the Purchaser;
- (c) any act or proposal which amounts to a repudiatory breach of contract by the Purchaser in respect of the Employees;
- (d) the change in the identity of the employer from the Property Companies to the Purchaser amounting to a substantial change to any of the Employees' working conditions to the material detriment of such Employee;
- (e) any actual or proposed substantial change by the Purchaser in the working conditions or terms of employment of all or any of the Employees that taken individually or collectively are to the material detriment of all or any of the Employees;
- (f) any Claim or Loss which arises as a consequence of the Purchaser being in breach of its obligations under clauses 13.4 and 13.5; and
- (g) anything done or omitted to be done by the Purchaser, or any other event or occurrence, in relation to the employment of any of the Employees at any time on or after the Completion Date.

13.8 The Purchaser acknowledges that the Property Companies (acting by the Administrators) have, so far as practicable, provided it with the Employee Liability Information and that, given the Administrators' limited knowledge of the Companies' Businesses and the insolvency of either of the Property Companies, such information may be incomplete or inaccurate.

#### **14 Debts**

14.1 If the Purchaser receives any payment in respect of any of the Debts or receivables attributable to any period prior to Completion it shall promptly notify the Administrators and provided that the Purchaser receives the written invoice relating to the same (**Invoice**) such money shall be paid within two Business Days of receipt of the Invoice in cleared funds to the Property Companies or HIF or as the Administrators may direct (without any deduction or set-off) and until such money is so paid it shall be kept separate from the Purchaser's own money in a separate bank account designated as a trust account and held on trust for the Property Companies or HIF or as the Administrators may direct. The costs of determining such trust shall not be borne out of trust funds.

14.2 If the Purchaser is not provided with copies of the Invoices within 10 Business Days of notifying the Administrators of receipt of any Debts or receivables attributable to any period prior to Completion, then the Purchaser is entitled to retain any such monies unless and until the Invoice is provided to the Purchaser.

14.3 Where any debtor owes money to the Purchaser and to one or more of the Property Companies, HIF and the Administrators it shall be assumed in the absence of evidence to the contrary that any money received by the Purchaser from such a debtor is paid first in respect of the Debts. The Purchaser shall account for such money to the Property Companies or HIF or the Administrators or as the Administrators may direct.

14.4 The Property Companies and the Administrators and HIF shall be at liberty to collect all or any of the Debts in such manner as it/they see fit.

14.5 The Purchaser shall not without the prior written consent of the Administrators issue any credit note or otherwise purport to act on behalf of the Property Companies in relation to any of the Debts.

#### **15 Business Intellectual Property and Information Technology**

15.1 The Purchaser acknowledges that the Business Intellectual Property and the Business Information Technology may be subject to restrictions or deficiencies and that it may or may not be sufficiently transferable to the Purchaser to enable the Companies' Businesses to be carried on efficiently or at all. The Purchaser undertakes to make its own enquiries into all such matters and agrees that it shall have no right to rescind, avoid or vary this agreement or to claim damages or a reduction in the Consideration paid or payable under the terms of this agreement if it transpires that the Purchaser shall not have acquired title to all or any of the Business Intellectual Property, provided that nothing in this clause 15.1 shall relieve the Property Companies or the Administrators of any express obligation to deliver, execute, assign, or transfer any Transferred Asset pursuant to and in accordance with the terms of this agreement.

15.2 The Purchaser undertakes to provide the US Subsidiaries and the Australia Subsidiaries or (if relevant) to permit the US Subsidiaries and/or the Australia Subsidiaries to continue to use a non-exclusive, worldwide, royalty-free licence, personal to the US Subsidiaries and the Australia Subsidiaries, which shall not be assignable or licensable to third parties, for the use of the Business Intellectual Property solely to the extent necessary to trade each of the US Subsidiaries' or the Australia Subsidiaries' business (as applicable) and (if relevant) in the same manner as it was so used by the relevant business during the 12-months immediately preceding the Completion Date for a period of one month from and including the Completion Date.

15.3 The Purchaser shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand against any Claim or Loss, arising by reason directly or indirectly of the transfer of the Business Intellectual Property and the Business Information Technology to the Purchaser or its purported sale under this agreement or use of it by the Purchaser or by any transferee or licensee from the Purchaser.

#### **16 Name**

The Purchaser acknowledges that the Administrators have no power or authority to require PLC's members to change PLC's legal name but subject thereto the Administrators acknowledge that Purchaser shall own the Name and therefore the Administrators have no right to raise any objection to the Purchaser using, changing or transferring the Name as from the Completion Date or to the Purchaser changing its corporate name to a name including the Name provided that:

16.1 any such use shall be at the risk of and the sole responsibility of the Purchaser; and

16.2 nothing in this agreement shall preclude the Companies from using their existing corporate name in relation to the Excluded Assets and/or their realisation and/or for the purposes of its insolvency or require it to change its existing corporate name.

## 17 BrewDog Ireland

17.1 The Purchaser shall fully indemnify and keep each of PLC and the Administrators fully indemnified on demand against any Claim or Loss, arising directly or indirectly from PLC being party to the Irish Lease as a guarantor and guaranteeing the obligations of BrewDog Ireland in respect of and pursuant to the terms of the Irish Lease

17.2 The Purchaser undertakes within two weeks of the Completion Date to use its reasonable endeavours to negotiate with the landlord of the Irish lease with a view to the Purchaser or another member of the Purchaser's Group replacing PLC as the guarantor under the terms of the Irish Lease. To the extent that PLC and/or the Administrators are requested to enter into any documents in relation to such transfer or replacement, the negotiation and approval of such documents by PLC and/or the Administrators (as relevant) shall be at the Purchaser's costs and shall be subject to the prior approval of the Administrators' Solicitors.

## 18 Apportionments and outgoing

18.1 Subject to the terms of this agreement, all expenses, outgoing, claims, debts and liabilities (including contingent claims and liabilities) paid or payable by the Companies or the Administrators relating to the Companies' Businesses and the Transferred Assets save (i) in relation to the Employees, (ii) in respect of the English Leasehold Properties and the Scottish Properties which shall be dealt with in accordance with Part 11 and Part 12 of the Schedule respectively, and which are referable to a period partly before and partly after the Completion Date shall be apportioned for each Company as at the Completion Date and (iii) any expenses, outgoing or liabilities referable to ownership or leasehold interest in the Ellon Site, Hop Hub 1 or Hop Hub 2 shall be apportioned as at the Property Apportionment Date (**Apportionments**).

18.2 The Administrators shall at their discretion be entitled to prepare a completion statement in relation to each Apportionment and deliver the same to the Purchaser.

18.3 The Purchaser shall give the Companies and the Administrators reasonable access to the Books and Records and other working papers of the Purchaser upon request to assist the Administrators in the preparation of the completion statement produced or to be produced in accordance with clause 18.2.

18.4 If the Purchaser does not within two Business Days of receipt of the completion statement referred to in clause 18.2 for each Company give written notice (**Dispute Notice**) to the Administrators that they do not agree that the Apportionment set out in the Administrators' completion statement for either Company is accurate, then the same shall be deemed as accepted by the parties hereto as being accurate for the purposes of clause 18.6.

18.5 If the Purchaser gives to the Administrators a Dispute Notice within the two Business Day period referred to in clause 18.4 and the Purchaser and the Administrators fail to agree the Apportionment within five Business Days of service of the Dispute Notice on the Administrators then the issue of the Apportionment shall be referred for determination to an Expert nominated by the Administrators. The Expert, and any member or employee of the Expert's firm as required by the Expert, shall be entitled to inspect the working papers of the Purchaser and such accounting records and documents of the Purchaser and the Purchaser's auditor as they may reasonably consider necessary. In making their determination, the Expert shall act as expert and not as arbitrator, their decision shall (in the absence of manifest error) be final and binding on the parties and their fees shall be borne and paid by the Purchaser.

18.6 The Purchaser shall pay to the Companies an amount equal to the Apportionments as agreed or determined in accordance with this clause 17, within two Business Days of such agreement or determination or as the Administrators may direct (without any deduction or set-off) and until such money is so paid it shall be kept separate from the Purchaser's own money in a separate bank account designated as a trust account and held on trust for the Companies or as the Administrators may direct. The costs of determining such trust shall not be borne out of trust funds. For the avoidance of doubt, in respect of the Ellon Site, Hop Hub 1 and Hop Hub 2, the amount payable by the Purchaser under this clause shall be calculated as at the Property Apportionment Date,

18.7 If the Companies or the Administrators have ordered in the period commencing on the date the Companies entered administration and ending on the Completion Date any goods or services relating to the Companies' Businesses or the Transferred Assets for the benefit of the Companies or the Purchaser and those goods or services have not been delivered or performed prior to the Completion Date then the Purchaser shall pay for those goods or services. Payment shall be made within five Business Days of the date of delivery of any invoice to the Purchaser or the date on which payment is due to the supplier, if sooner. The Purchaser shall fully indemnify and keep each of the Companies and the Administrators fully indemnified on demand against any Claim or Loss arising as a result of its failure to comply with the terms of this clause 18.7. For the avoidance of doubt, and except as expressly provided otherwise in this agreement, the Companies shall have no obligation under this agreement to discharge any outgoing, payments or debts payable by and known claims and known liabilities (including contingent claims and liabilities) outstanding against it or the Companies' Businesses or any of the Transferred Assets or the Excluded Assets as at the Completion Date.

18.8 For the avoidance of doubt and except as expressly provided otherwise in this agreement, the Purchaser shall pay, satisfy and discharge all outgoing, payments, debts payable by and claims (including contingent claims and liabilities) and/or liabilities arising against the Companies' Businesses incurred or arising on and after the Completion Date, and the Purchaser will fully indemnify and keep each of the Companies and the Administrators fully indemnified on demand from and against all claims and liabilities which may be brought against or incurred by the Companies or the Administrators in respect of such outgoing, payments, debts and liabilities.

## 19 Title and risk

19.1 Such right, title and interest as the Companies may have in the Transferred Assets shall pass to the Purchaser on payment in full of the Consideration pursuant to clause 4, other than in relation to the English Leasehold Properties and the Scottish Properties in respect of which Part 11 and Part 12 of the Schedule respectively, shall apply and other than in relation to the PLC Finished Stock in respect of which clause 9.1 shall apply.

19.2 Risk in the Transferred Assets, other than the English Leasehold Properties and the Scottish Properties in respect of which Part 11 and Part 12 of the Schedule respectively, shall apply, and the Companies' Businesses shall pass to the Purchaser at the Completion Date and the Purchaser shall effect its own insurances in respect thereof.

## 20 Books and Records

- 20.1 The Property Companies (acting by the Administrators) shall have access to the Books and Records for the period of the administration of the Property Companies to deal with all matters arising in connection with the administration of the Property Companies.
- 20.2 The Purchaser shall for the period of the administration of the Property Companies make available without charge for the use of the Administrators reasonable office, telephone and secretarial facilities during normal business hours to enable the Administrators to deal with the matters referred to in clause 20.1.

## 21 Access to Properties and staff

- 21.1 The Property Companies (acting by the Administrators) shall have access to the Properties and the persons employed or engaged by the Purchaser in connection with carrying on the Companies' Businesses for the period of the Licences to deal with all matters arising in connection with the administration of the Property Companies.
- 21.2 The Purchaser shall for a period of 90 Business Days following the Completion Date make available without charge, for the use of the Administrators, reasonable office, telephone and secretarial facilities at the Properties during normal business hours to enable the Administrators to deal with the matters referred to in clause 21.1 and for storage purposes.

## 22 Exclusion of warranties

- 22.1 Subject to clause 22.11, all Representations in respect of the Companies' Businesses and/or the Transferred Assets and/or the Properties or any of them or any of the rights, title and interests transferred or agreed to be transferred pursuant to this agreement are expressly excluded (including without limitation, warranties and conditions as to title, vacant possession (if applicable), quiet possession, quality, fitness for purpose and description).
- 22.2 The Transferred Assets, the Properties and the Companies' Businesses are sold subject to this agreement and in their present state, condition and (where applicable) locations at the Completion Date and subject to all faults, liens, executions, distrains, Encumbrances, detentions or other claims of third parties over them or in respect of their use. The cost and expense of discharging or compromising any or all of the foregoing shall be for the sole account of the Purchaser and the Purchaser shall have no recourse against the Companies or the Administrators and shall not be entitled to make any Claims or recovery for loss or seek any reduction in the Consideration in respect of the Transferred Assets. Unless otherwise required by Law (and then only to that extent) the Companies and the Administrators and each of them shall not be liable for any loss, claim or damage of any kind whatever, consequential or otherwise arising out of or due to or caused by any defect or deficiencies in any of the Transferred Assets or the Companies' Businesses or the Properties.
- 22.3 The Purchaser and the Guarantor agree that the terms and conditions of the Acquisition Documents and the exclusions and limitations contained in them are fair and reasonable having regard to the following:
- (a) this is a sale by an insolvent company in circumstances where it is usual that no representations and warranties can be given by or on behalf of the Companies or the Administrators;
  - (b) the Purchaser and the Guarantor have relied solely upon their own opinion and/or professional advice concerning the Companies' Businesses and/or the Transferred Assets, and/or the Properties their quality, state, condition, description, fitness and/or suitability for any purpose, the possibility that some or all of them may have defects not apparent on inspection and examination and the use it intends or proposes to put them to;
  - (c) the Purchaser has agreed to purchase the Transferred Assets "as seen" in their present state and condition for a consideration which takes into account the risk to the Purchaser represented by the parties' belief that the said exclusions and limitations are or would be recognised by the courts and the Guarantor has agreed to enter this agreement on the same basis;
  - (d) the Purchaser and the Guarantor and its servants, employees, agents, representatives and advisers has been given every opportunity they may wish to have to examine and inspect all or any of the Transferred Assets and the Properties and all relevant documents relating to them and to obtain information from the Companies and/or the Administrators relating to the Companies' Businesses and the Transferred Assets and the Properties; and
  - (e) the Purchaser and the Guarantor have not entered into this agreement in reliance upon any representations, agreements, statements or replies to enquiries (whether oral or written) made or alleged to have been made by the Companies or the Administrators at any time.

22.4 The Purchaser and the Guarantor agree that:

- (a) neither the Companies nor the Administrators shall incur any liability to it by reason of any fault or defect in all or any of the Transferred Assets or the Properties or any breach of the obligations of the Companies arising under the *Sale of Goods Act 1979* or under the *Health and Safety at Work Act 1974*;
- (b) neither the Companies nor the Administrators shall be required to put any Equipment into a safe condition. The Purchaser hereby undertakes that it will ensure that all of the Equipment is in a safe condition before putting (or allowing it to be put) to any use after the Completion Date;
- (c) whenever and wherever in this agreement it has agreed to indemnify any person:
  - (i) it shall also indemnify any firm, partner, employee, agent, trustee adviser or representative of such person to the same extent and in the same regard; and
  - (ii) such indemnity will be on an After-Tax Basis; and
- (d) no liability which arises in any way under or pursuant to the Acquisition Documents (whether to any party to the Acquisition Documents or otherwise) including any which relates to the Employees and/or proposed and/or actual transfer of the Employees' contracts of employment to the Purchaser will be a liability falling within any of the sub-paragraphs of paragraph 99 of Schedule B1 to the *Insolvency Act 1986* or

- 22.5 The Purchaser covenants with and undertakes to the Company and the Administrators and each of them that it will not hold itself out as the owner of any of ROT Assets, the Leased Equipment or any of the Transferred Assets where it is aware or once it has been notified or has otherwise determined that the Companies did not have title to the same nor will it sell, offer for sale, assign or create or permit the creation of any form of Encumbrance over such assets but it will deliver such assets to the Administrators or as the Administrators shall direct forthwith upon demand and pending such delivery it will at its own expense maintain such assets in safe custody and in as good repair and condition as they were in when they first came into the possession of the Purchaser. The Purchaser shall fully indemnify and keep each of the Companies and the Administrators fully indemnified on demand against any Claim or Loss arising as a result of its failure to comply with the terms of this clause 22.5.
- 22.6 The Purchaser and the Guarantor acknowledge that in respect of any Transferred Assets not situated at the Properties on the Completion Date there may be a risk of a third party claiming a lien over such Transferred Assets and that such risk is entirely the risk of the Purchaser
- 22.7 The Purchaser and the Guarantor acknowledge for the avoidance of doubt that if the Companies does not have title or unencumbered title to any or all of the Transferred Assets or the Properties or if the Purchaser cannot exercise any right conferred or purported to be conferred on it by any Acquisition Document this shall not be a ground or grounds for rescinding, avoiding or varying any or all of the provisions of any Acquisition Document and shall not give rise to any claim to compensation or damages or a reduction in or repayment of the Consideration or any Licence Fee (as defined in each Licence) paid or payable
- 22.8 The Purchaser and the Guarantor acknowledge that they have not relied on, or been induced to enter into any Acquisition Document by any Representation given by any person (whether a party to this agreement or not)
- 22.9 The Administrators and the Companies shall not be liable to any person (whether a party to this agreement or not) in equity, contract or tort (including negligence), under the *Misrepresentation Act 1967* or in any other way for any Representation
- 22.10 Each party acknowledges and agrees for the purposes of the *Misrepresentation Act 1967* and the *Unfair Contract Terms Act 1977* that the provisions of this clause 22 are reasonable having regard in particular to the matters set out in clause 22.3.
- 22.11 Nothing in this agreement operates to limit or exclude any liability for fraud or fraudulent misrepresentation or for death or personal injury arising from negligence.

### **23 Exclusion of Administrators' liability**

- 23.1 The Administrators have entered into and signed this agreement as agents for or on behalf of the Companies and neither they, nor their firm, partners, employees, advisers, representatives or agents shall incur any personal liability in respect of any of the obligations undertaken by the Companies or in respect of any failure on the part of the Companies to observe, perform or comply with any such obligations or under or in relation to any associated arrangements or negotiations or under any transfer, assignment or other document or assurance made pursuant to this agreement or in any other way by virtue of this agreement, nor in relation to any related matter or claim.
- 23.2 The Administrators are party to this agreement in their personal capacities only for the purpose of receiving the benefit of the exclusions, limitations, undertakings, covenants and indemnities and other provisions of this agreement in their favour.

### **24 Future sale of Transferred Assets or shares**

- 24.1 If, at any time prior to the date falling two years following the Completion Date, an Onward Sale occurs, the Purchaser shall:
- (a) inform the Administrators in writing within five Business Days of completion of the Onward Sale that an Onward Sale has taken place and the amount of the consideration due to the Purchaser in respect of the Onward Sale; and
  - (b) pay to relevant Company the Overage Consideration by telegraphic transfer within five Business Days of receipt by the Purchaser of the full amount of the consideration in respect of the Onward Sale.
- 24.2 In the event of any dispute between the Purchaser and the relevant Company as to the amount of Overage Consideration payable by the Purchaser pursuant to this clause or the value of any consideration for an Onward Sale, the matter shall be ascertained and certified by an Expert appointed jointly by the Administrators and the Purchaser. In the event that the Administrators and the Purchaser fail to agree on the identity of the Expert, the matter shall be referred by either party to the president for the time being of the Institute of Chartered Accountants who shall select the Expert and whose nomination shall be final and binding upon the parties. The Expert shall act as expert and not as arbitrator, their decision shall (in the absence of manifest error) be final and binding on the parties and their fees shall be borne and paid by the Purchaser.

### **25 Guarantor provisions**

- 25.1 The Guarantor irrevocably and unconditionally:
- (a) guarantees to each of the Companies and Administrators the punctual performance by the Purchaser of all its obligations under the Acquisition Documents;
  - (b) undertakes with each of the Companies and the Administrators that whenever the Purchaser does not pay any amount when due under or in connection with any Acquisition Document or fails to perform any obligation under any Acquisition Document, the Guarantor shall immediately on demand pay that amount or perform that obligation as if it were the principal obligor; and
  - (c) as an independent and primary obligation, indemnifies each of the Companies and the Administrators immediately on demand against any Loss, Claim or liability incurred or suffered by the Companies and/or the Administrators if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the Loss, Claim or liability shall be equal to the amount which the Companies and/or the Administrators would otherwise have been entitled to recover.

- 25.2 The guarantee set out in this clause 25 is a continuing guarantee and will extend to the ultimate balance of sums payable by the Purchaser under the Acquisition Documents, regardless of any intermediate payment or discharge in whole or in part. The guarantee is and shall be in addition to and is not in any way prejudiced by any other guarantee, indemnity, other security or right now or subsequently given to or held by the Companies or the Administrators.
- 25.3 The obligations of the Guarantor under this clause 25 will not be affected by any act, omission, matter or thing which, but for this provision, would reduce, release or prejudice any of its obligations under this clause 25 (without limitation and whether or not known to it or to the Companies and the Administrators) including:
- (a) any time, waiver or consent granted to, or composition with, the Purchaser or any other person;
  - (b) the release of the Purchaser or any other person under the terms of any composition or arrangement;
  - (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of the Purchaser or any other person;
  - (d) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
  - (e) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Purchaser or any other person;
  - (f) any amendment, variation or replacement of any Acquisition Document or any other document or security (in each case, however fundamental, and whether or not this has the effect of increasing the liability of the Guarantor under this clause 25);
  - (g) any unenforceability, illegality or invalidity of any obligation of any person under any Acquisition Document or any other document or security;
  - (h) any change in the constitution of the Purchaser or the Companies or the identity of the Administrators or as a result of the amalgamation or consolidation by the Purchaser or any Company with any company or entity; or
  - (i) any insolvency or similar proceedings.
- 25.4 If any payment by the Purchaser or the Guarantor or any discharge given by either of the Companies or the Administrators (whether in respect of the obligations of the Purchaser or the Guarantor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:
- (a) the liability of the Guarantor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
  - (b) the relevant Company and the Administrators shall be entitled to recover the value or amount of that security or payment from the Guarantor as if the payment, discharge, avoidance or reduction had not occurred.
- 25.5 The Guarantor waives any right it may have of first requiring the Companies and/or the Administrators (or any trustee or agent on their behalf) to proceed against or enforce any other right or security or claim payment from any person before claiming from the Guarantor under this clause 25. This waiver applies irrespective of any Law or any provision of this agreement to the contrary.
- 25.6 Until all amounts which may be or become payable by the Purchaser under any Acquisition Document have been irrevocably paid in full or all of the Purchaser's obligations under any Acquisition Document have been performed, the Companies and/or the Administrators may:
- (a) without affecting the liability of the Guarantor under this clause 25:
    - (i) refrain from applying or enforcing any other moneys, security or rights held or received by the Companies and/or the Administrators (or any trustee or agent on their behalf) in respect of those amounts; and/or
    - (ii) apply and enforce them in such manner and order as it sees fit (whether against those amounts or otherwise); and/or
  - (b) hold in an interest-bearing suspense account any moneys received from the Guarantor or on account of the Guarantor's liability under this clause 25.
- 25.7 Unless all amounts which may be or become payable by the Purchaser under the Acquisition Documents have been irrevocably paid in full or all of the Purchaser's obligations under any Acquisition Document have been performed, or the Companies or the Administrators otherwise direct, the Guarantor will not after a claim has been made or by virtue of any payment or performance by it under this clause 25:
- (a) be subrogated to any rights, security or moneys held, received or receivable by the Companies and/or the Administrators;
  - (b) be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of the Guarantor's liability under this clause 25;
  - (c) claim, rank, prove or vote as a creditor of the Purchaser or its estate in competition with the Companies and/or the Administrators; or
  - (d) receive, claim or have the benefit of any payment, distribution or security from or on account of the Purchaser, or exercise any right of set-off as against the Purchaser.

The Guarantor shall promptly notify the Administrators of any payment or distribution or benefit of security received by it contrary to clause 25.7 and such money shall be paid within two Business Days to the Companies or as the Administrators may direct (without any deduction or set-off)

and until such money is so paid it shall be kept separate from the Guarantor's own money in a separate bank account designated as a trust account and held on trust for the Companies or as the Administrators may direct. The costs of determining such trust shall not be born out of trust funds.

## 26 Interest on late payments

- 26.1 Unless otherwise expressly provided in this agreement, or in any Acquisition Document, if the Purchaser or the Guarantor fails to pay any sum due from it under any Acquisition Document before or on the due date for payment, it shall also pay interest on that sum for the period from (and including) the due date for payment to (but excluding) the date on which its obligation to pay the sum is discharged (whether before or after judgment). The rate of interest shall be 5 per cent per annum above the base lending rate for the time being of HSBC. Interest shall accrue on a daily basis, and shall be compounded monthly.
- 26.2 Notwithstanding clause 26.1, any Company or the Administrators may in the alternative claim interest at their discretion under the Late Payment of Commercial Debts (Interest) Act 1998.

## 27 Data Protection

- 27.1 In this clause 27 the terms **personal data**, **process**, **data subject** and **personal data breach** shall have the meanings given to them in the Data Protection Legislation.
- 27.2 The Purchaser warrants, represents and undertakes that following the Completion Date:
- (a) it shall process the Acquired Data fairly, lawfully and in accordance with all relevant provisions of the Data Protection Legislation;
  - (b) it shall not use the Acquired Data for any purpose which is incompatible with the purposes for which the Acquired Data was collected without first contacting each of the subjects to which such data relates to obtain their consent to the information being used for such other purpose;
  - (c) it shall as soon as reasonably practicable contact each person identified in the Acquired Data to:
    - (i) inform them of the change of ownership of the Acquired Data;
    - (ii) provide them with the contact details of the Purchaser;
    - (iii) inform them that the Acquired Data shall only be used by the Purchaser for the same purposes for which the Acquired Data was collected;
    - (iv) provide them with any other information required under the Data Protection Legislation; and
    - (v) allow such persons the opportunity to object to their personal data being held or used by the Purchaser;
  - (d) it shall comply with any request made by a data subject to exercise their rights under the Data Protection Legislation, including (but not limited to) any request to object to, or withdraw consent to, the processing of Acquired Data for direct marketing purposes;
  - (e) it shall comply with all notification obligations relating to, and promptly mitigate and remediate, any personal data breach involving the Acquired Data;
  - (f) to the extent required by the Data Protection Legislation, it shall maintain any regulatory notification, and pay any fee, appropriate to its processing of the Acquired Data; and
  - (g) it shall, as soon as practicable, review the Acquired Data for the purposes of identifying any of the Acquired Data which is surplus to the Purchaser's requirements and delete the same from the Acquired Data.
- 27.3 The Purchaser shall fully indemnify and keep each of the Companies and the Administrators fully indemnified on demand against any Claim or Loss arising directly or indirectly out of or in connection with the processing of the Acquired Data by the Purchaser or its sub-contractors or a failure by the Purchaser or its sub-contractors to comply with the terms of clause 27.2.

## 28 Set-off and prepayments

- 28.1 Neither the Purchaser nor the Guarantor shall be entitled to set off any claims it might have against either of the Companies or the Administrators or exercise any right of retention, deductions, withholding or set-off whatever against any monies or negotiable instruments payable to the Companies or the Administrators pursuant to the provisions of the Acquisition Documents but such monies or negotiable instruments shall be paid in full upon the same being due whether in accordance with the provisions of the Acquisition Documents or otherwise.
- 28.2 If the Companies and/or the Administrators have received on or prior to the Completion Date any deposit, payment or other sum or receivable whatsoever in advance in respect of any Contract or otherwise (other than sums held on trust) neither the Companies nor the Administrators shall be under any obligation to account to the Purchaser or the Guarantor and neither the Purchaser nor the Guarantor shall be entitled to any refund or other allowance in respect of the same.

## 29 Transfer of the Scottish Premises Licences

- 29.1 For the purposes of this clause 29.1 the following definitions shall apply:

<b>2005 Act</b>	means the Licensing (Scotland) Act 2005;
<b>Licensing Authority</b>	the relevant licencing board in Scotland in relation to the Scottish Premises Licences as relevant to each of the Bar and Hotel Properties located in Scotland;
<b>S33 Application</b>	means the application, in the form agreed between the Purchaser and Retail prior to Completion, to transfer the Scottish Premises Licences to the Purchaser under S33 of the 2005 Act; and

### **S34 Application**

means an application, in the form agreed between the Purchaser and Retail prior to Completion, to transfer the Scottish Premises Licences to the Administrators under S34 of the 2005 Act.

29.2 For the Bar and Hotel Properties the following provisions shall apply:

- (a) In respect of each of the Scottish Premises Licences Retail shall procure that the Administrators shall submit applications to transfer the Scottish Premises Licences to the Administrators under s.34 of the 2005 Act and secondary applications from the Administrators to the Purchaser under s.33 of the 2005 Act within five Business Days of Completion (and for the avoidance of doubt will also submit the original licence to the relevant Licensing Authority to accompany the applications) and provide a copy of such applications to the Purchaser. The applications will be submitted on the basis that it is made clear to the Licensing Authority that the applications should be processed at the same time.
- (b) Subject to the Purchaser providing the relevant information reasonably required by Retail to prepare the form of the S34 Application and S33 Application within two Business Days of Completion, Retail will provide a copy of the S34 Application and S33 Application to the Purchaser and have due regard to any reasonable representations made by the Purchaser prior to submission pursuant to clause 29.2(a).
- (c) The Purchaser will hold Retail and the Administrators harmless in respect of any failure to obtain approval of the S34 Application or the S33 Application by the Licensing Authority.
- (d) The Purchaser will indemnify Retail and the Administrators in respect of any Claim and/or Loss arising from:
  - (i) any failure to obtain approval of the S34 Application or the S33 Application by the Licensing Authority due to the eligibility, conduct or characteristics of the Purchaser; and
  - (ii) any breach, non-observance or non-performance of the Scottish Premises Licences or any of the conditions of the Scottish Premises Licences following Completion but prior to the transfer of the Scottish Premises Licence to the Purchaser or their nominees becoming effective.
- (e) Whilst the application(s) referred to in Clause 29.2(a) in respect of each Scottish Premises Licence are being processed, Retail holding such Scottish Premises Licence shall not dispose of or transfer such Scottish Premises Licence to any party other than the Purchaser or their nominees and shall not surrender any Scottish Premises Licence.
- (f) Retail (acting by the Administrators) shall send the amended Scottish Premises Licences to the Purchaser with five Business Days of receipt of the amended Scottish Premises Licences from the Licensing Authority after the transfer has been granted.
- (g) If the person named as a "Premises Manager" on any of the Scottish Premises Licences ceases to be so named prior to the transfer of the Scottish Premises Licences to the Purchaser or their nominees, the Purchaser must advise Retail and the Administrators immediately of the event, to enable a notification under s54 of the 2005 Act to be made as soon as possible and Retail and the Administrators will issue such notification under s54 of the 2005 Act within one Business Day of receipt of such notification from the Purchaser. Upon receipt of the details of a new Premises Manager in relation to any of the Scottish Premises Licences, Retail and the Administrators will issue the variation of the relevant Scottish Premises Licence to substitute the Premises Manager named on the Scottish Premises Licence with the new Premises Manager.
- (h) Retail (either themselves or acting by the Administrators) shall promptly pay on or before the due date the annual fee that is due for payment in respect of any of the Scottish Premises Licences until such time as they are transferred to the Purchaser.

### **30 Transfer of the English Premises Licences**

30.1 For the purposes of this clause the following definitions shall apply:

**2003 Act**

means the Licensing Act 2003;

**Licensing Authority**

the relevant licencing board in England in relation to the English Premises Licences as relevant to each of the Bar and Hotel Properties located in England; and

**S42 Application**

means the application to transfer the English Premises Licences to the Purchaser under s42 of the 2003 Act.

30.2 For the Bar and Hotel Properties located in England the following provisions shall apply:

- (a) On Completion, in respect of each of the English Premises Licences, the Administrators, shall provide written confirmation from the relevant Court of their appointment as the Administrators for each of the Property Companies holding the English Premises Licences
- (b) Provided the Administrators have provided the proof of their appointment in accordance with clause 30.2(a) above to the Purchaser then within 24 hours of Completion the Purchaser will submit applications to transfer the English Premises Licences to the relevant Licensing Authority under section 42 of the 2003 Act requesting that the transfers of the English Premises Licences have immediate effect under section 43(1)(a) of the 2003 Act.
- (c) The Purchaser will hold the Property Companies and the Administrators harmless in respect of any failure to obtain approval of the S42 Application by the Licensing Authority.
- (d) The Purchaser will indemnify each of the Property Companies and the Administrators in respect of any Claim and/or Loss arising from:
  - (i) any failure to obtain approval of the S42 Application by the Licensing Authority due to the eligibility, conduct or characteristics of the Purchaser; and
  - (ii) any breach, non-observance or non-performance of the English Premises Licences or any of the conditions of the English Premises Licences following Completion but prior to the transfer of the English Premises Licence to the Purchaser or their nominees becoming effective.

- (e) Whilst the application(s) referred to in clause 30.2(a) in respect of each English Premises Licence are being processed, the relevant Property Company holding such English Premises Licence shall not dispose of or transfer such English Premises Licence to any party other than the Purchaser or their nominees and shall not surrender any English Premises Licence.

### 31 Notices

31.1 Any notice or other communication to be given or made to a party under this agreement (**Notice**):

- (a) shall be in writing and in English;
- (b) shall be sent to the postal or email address and for the attention of the person specified in clause 31.2 (or such other address or person as each party may notify to the others in accordance with clause 31.6); and
- (c) shall be served on or delivered to the relevant party:
  - (i) personally or by hand delivery;
  - (ii) by prepaid first class or special (or other recorded) delivery post; or
  - (iii) by email.

31.2 The postal and email addresses of the parties for the purposes of clause 31.1(b) are:

**PLC, Retail, Draft House and International:**

For the attention of: Melissa Brooks  
Address: 6 New Street Square, London, EC4A 3BF  
Email: mbrooks@alixpartners.com

**Administrators:**

For the attention of: Melissa Brooks  
Address: 6 New Street Square, London, EC4A 3BF  
Email: mbrooks@alixpartners.com

**Purchaser:**

For the attention of: Mitchel Gendel  
Address: 2 Atlantic Square, 31 York Street, Glasgow, G2 8AS  
Email: Mitchell.Gendel@aphria.com

With a copy to:  
Adam Creed (acreed@proskauer.com); and  
Andrew Payne (mailto:APayne@proskauer.com)

**Guarantor:**

For the attention of: Mitchel Gendel  
Address: 2 Atlantic Square, 31 York Street, Glasgow, G2 8AS  
Email: Mitchell.Gendel@aphria.com

Adam Creed (acreed@proskauer.com); and  
Andrew Payne (mailto:APayne@proskauer.com)

31.3 No Notice to either of the Companies or the Administrators shall be effective until it is received by the Administrators. Any other Notice which has been served or delivered in accordance with clause 31.1 shall be deemed to have been served or delivered:

- (a) if served or delivered personally or by hand, at the time of service or delivery; or
- (b) if posted, at 10:00am on the second Business Day after the date of posting unless there is evidence of earlier receipt; or
- (c) if sent by email, at the time the email is sent, provided no automated message is received within one Business Day stating that the email has not been delivered,

provided that if, under clauses 31.3(a) or 31.3(c), any Notice would be deemed to have been served or delivered after 5:00pm on a Business Day and before 9:00am on the next Business Day, such Notice shall be deemed to have been served or delivered at 9:00am on the second of such Business Days.

31.4 Any Notice will also be effective as regards the Purchaser or Guarantor if given to the Purchaser or to the Purchaser's Solicitors or to any person acting for the Purchaser whether at Completion or otherwise.

31.5 In proving service or delivery of a Notice on the Purchaser or Guarantor, it shall be sufficient to prove that the party receiving the Notice (**Recipient**) has acknowledged the Notice or:

- (a) that service or delivery personally or by hand was made;
- (b) in the case of posting, that the envelope containing the Notice was properly addressed and posted by prepaid first class or special (or other recorded) delivery post; or
- (c) in the case of an email, that the email was properly addressed and sent to the email address of the Recipient for the purposes of clause 31.1(b)

(a confirmation setting out each Recipient to whom the email was sent being proof of service) and no automated message is received within one Business Day stating that the email has not been delivered.

31.6A party may notify the other parties of a change to its name, postal or email address or relevant contact for the purposes of clause 31.1(b). Such notice shall be effective on the fifth Business Day after the date on which such notice is deemed to have been served or delivered in accordance with this clause 31.6, or such later date as may be specified in the notice.

### **32 Announcements and confidentiality**

32.1 Subject to clause 32.2, no party shall at any time issue any statement, announcement, press release, circular or other publicity of any nature (nor permit any person connected with it to do the same) relating to the existence, provisions or subject matter of this agreement or the sale of the Companies' Businesses and Transferred Assets, and the parties shall otherwise keep those matters confidential including for the period after Completion.

32.2 Clause 32.1 shall not apply:

- (a) to the Administrators in disclosing the terms of any Acquisition Document to any Lender or to any liquidator or in order to show appropriate figures in the Administration Records or any other accounts or returns;
- (b) to the Administrators in complying with their statutory duties, obligations and responsibilities at all times;
- (c) to any announcement relating to the sale of either or both of the Companies' Businesses which is intended to be issued to relevant Employees, Customers and/or suppliers of the PLC Business and/or the Retail Business (as relevant) either by any of the Companies or the Administrators or by the Purchaser in a form approved by the Administrators;
- (d) to an announcement which is required:
  - (i) by Law;
  - (ii) by current insolvency practice including any obligation to comply with Statements of Insolvency Practice including disclosure obligations in relation to pensions legislation;
  - (iii) by the rules of any recognised investment exchange or the court; or
  - (iv) by any supra-national, national or sub-national authority, commission, department, agency, regulator, or regulatory body in any jurisdiction or any securities exchange to which the relevant party (or person connected with it) is subject or submits, wherever situated, whether or not the requirement for disclosure has the force of law,

provided that, in each case, such announcement shall:

- (A) comply with the Data Protection Legislation;
  - (B) only contain content which is so required; and
  - (C) when the party making the announcement is the Purchaser or the Guarantor (or any person connected with either of them), only be made after consultation (so far as reasonably practicable) with the Companies and the Administrators as to the timing and content of such announcement; and
- (e) if the announcement is made with the prior consent of:
    - (i) the Companies and the Administrators when the party making the announcement is the Purchaser or the Guarantor (or any person connected with either of them); or
    - (ii) the Purchaser when the party making the announcement is the Companies or the Administrators or any of them (or any person connected with any of them); or
  - (f) to a proposed assignee of the Companies and/or the Administrators or any of them.

### **33 Delivery of correspondence**

The Purchaser shall deliver forthwith to the Administrators all correspondence received at the Properties which is addressed to the Companies or the Administrators.

### **34 Effect of Completion**

The provisions of this agreement insofar as they have not been performed at or are capable of taking effect after the Completion Date shall remain in full force and effect notwithstanding Completion and shall not merge on Completion.

### **35 Entire Agreement**

The Acquisition Documents (as varied in accordance with their terms) constitute the entire agreement and understanding between the parties in respect of the subject matter of the Acquisition Documents (or any of them).

### **36 Assignment**

The Purchaser and the Guarantor may not assign, transfer, grant any Encumbrance over, declare any trust over or deal in any way with their rights under this agreement, in whole or in part without the prior written consent of the other parties (such consent not to be unreasonably withheld or delayed).

### **37 Successors**

Subject to clause 36 this agreement shall be binding on and continue for the benefit of the successors and permitted assigns of any party.

### **38 Representatives and agents**

Any present or future firm, partner, employee, agent, trustee, adviser or representative of the Company and/or the Administrators may enforce and rely on any provision of this agreement to the same extent as if they were a party to this agreement.

### **39 Third Party Rights**

- 39.1 Except as provided in clauses 22.4(c) and 38, and except in relation to the Lenders, a person who is not party to this agreement shall have no right under the *Contract (Third Party Rights) (Scotland) Act 2017* to enforce any term of this agreement. This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.
- 39.2 The parties to this agreement may, without the consent of any Third Party, rescind or vary this agreement in such a way as to extinguish or alter the benefits or rights conferred by clause 39.

### **40 Variation**

No variation of this agreement shall be effective unless it is in writing, refers specifically to this agreement and is signed by or on behalf of each of the parties to this agreement.

### **41 Waiver and cumulative remedies**

- 41.1 The rights and remedies of the Companies and the Administrators under or in respect of this agreement may be waived only by express notice given in accordance with clause 28.2. Any waiver by the relevant Company or the Administrators shall apply only to the person to whom it is addressed and, in the instance, and for the purpose for which it is given.
- 41.2 No right, power or remedy of any Company or the Administrators under or in respect of this agreement shall be precluded, waived or impaired by:

- (a) any failure to exercise or delay in exercising it;
- (b) any single or partial exercise of it;
- (c) any earlier waiver of it, whether in whole or in part;
- (d) any failure to exercise, delay in exercising, single or partial exercise of or waiver of any other such right or remedy; or
- (e) the granting of time.

### **42 Counterparts**

42.1 When executed in counterparts:

- (a) this agreement shall not take effect until all the counterparts have been delivered; and
- (b) delivery will take place when the date of delivery is agreed between the parties after execution of this agreement, as evidenced by the date inserted at the top of this agreement in the blank provided therefor.

42.2 When not executed in counterparts, this agreement shall take effect after its execution upon the date agreed between the parties, as evidenced by the date inserted at the top of this agreement in the blank provided therefor.

### **43 Governing law, jurisdiction and service of process**

- 43.1 Save for Part 11 of the Schedule this agreement and any dispute or claim arising from or in connection with this agreement (**Dispute**) is governed by and shall be construed in accordance with Scots law.
- 43.2 Except to the extent that such consent is prohibited by applicable law, each of the parties to this agreement hereby consents, for itself and in respect of its property, generally and unconditionally, to the exclusive jurisdiction of the Scottish Courts in connection with any Dispute; agrees to waive any objection to venue in Scotland; and agrees that, to the full extent permitted by law, service of process in connection with any such proceedings may be effected in accordance with clause 31 hereof.

### **44 Severance**

- 44.1 If any provision of this agreement is or becomes illegal, invalid or unenforceable in any respect under the Law of any jurisdiction, that shall not affect or impair:
- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this agreement; or
  - (b) the legality, validity or enforceability under the Law of any other jurisdiction of that or any other provision of this agreement.

44.2 If any illegal, invalid or unenforceable provision of this agreement would be legal, valid or enforceable if some part or parts of it were deleted, such provision shall apply with the minimum deletion(s) necessary to make it legal, valid or enforceable.

**45 Costs and expenses**

45.1 Unless otherwise expressly provided in this agreement, each party shall pay its own costs, charges and expenses in relation to the negotiation, preparation, execution and implementation of this agreement.

45.2 Any certificate or determination by any Company or the Administrators of a rate or an amount due or payable under this agreement is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

**IN WITNESS WHEREOF** these presents consisting of this and the preceding 48 pages together with the schedule are executed as follows:

Signed by one of the Administrators for and on behalf of **BrewDog plc** (in administration) (without incurring personal liability on the part of any of the Administrators) Signature .....  
In the presence of this witness:  
On (date): ..... Witness Signature: .....  
At (city): ..... Witness name: .....  
Witness Address: .....

Signed by one of the Administrators for and on behalf of **BrewDog Retail Limited** (in administration) (without incurring personal liability on the part of any of the Administrators) Signature .....  
In the presence of this witness:  
On (date): ..... Witness Signature: .....  
At (city): ..... Witness name: .....  
Witness Address: .....

Signed by one of the Administrators for and on behalf of **Draft House Holding Limited** (in administration) (without incurring personal liability on the part of any of the Administrators) Signature .....  
In the presence of this witness:  
On (date): ..... Witness Signature: .....  
At (city): ..... Witness name: .....  
Witness Address: .....

Signed by one of the Administrators for and on behalf of **BrewDog International Limited** (in administration) (without incurring personal liability on the part of any of the Administrators) Signature .....  
In the presence of this witness:  
On (date): ..... Witness Signature: .....  
At (city): ..... Witness name: .....  
Witness Address: .....

Signed by one of the Administrators for and on behalf of all of them) Signature .....  
In the presence of this witness:  
On (date): ..... Witness Signature: .....  
At (city): ..... Witness name: .....  
Witness Address: .....

Signed by the **Tilray Brands UK Ltd:** )  
On (date): ..... ) Signature .....  
At (city): ..... **Director/Authorised signatory**  
In the presence of this witness:  
Witness Signature: .....  
Witness name: .....  
Witness Address: .....

Signed by **Tilray Brands, Inc.:** )  
On (date): ..... ) Signature .....  
At (city): ..... **Director/Authorised signatory**  
In the presence of this witness:  
Witness Signature: .....  
Witness name: .....  
Witness Address: .....

**Schedule**

*This is the Schedule referred to in the foregoing sale agreement among BrewDog plc (in administration), BrewDog Retail Limited (in administration), Draft House Holding Limited, (in administration), Clare Kennedy, Benjamin James Browne and Ian Partridge of AlixPartners UK LLP, Tilray Brands UK Ltd and Tilray Brands, Inc.*

## Part 1 Heritable Properties

No.	Property Address	Title Number	Consideration
1.	Subjects lying on the north east side of Balmacassie Drive, Ellon	ABN101223	£2,000,000
2.	Subjects lying on the north east side of Balmacassie Drive, Ellon	ABN101000	
3.	Subjects lying on the north side of Balmacassie Drive, Ellon	ABN101033	
4.	Subjects cadastral unit ABN124669 being ground at Balmacassie Commercial Centre, Ellon	ABN124669	
5.	Subjects cadastral unit ABN129899 being an area of ground on the southwest side of Balmacassie Drive, Balmacassie Commercial Park, Ellon	ABN129899	
6.	Subjects being the area of ground at Ellon Commercial Park, Balmacassie, Ellon	ABN101356	
7.	Subjects cadastral unit ABN137556 at Balmacassie Drive, Balmacassie Commercial Park, Ellon	ABN137556	
8.	Subjects cadastral unit ABN138468 Balmacassie Commercial Centre, Ellon	ABN138468	
9.	Subjects cadastral unit ABN144913 at Ellon Commercial Park, Balmacassie, Ellon	ABN144913	

## Part 2 Leasehold Properties

## Section 1 Hop Hub

No.	Property Address	Title Number	Lease Details	Consideration
1.	Hop Hub, Eurocentral Scotland, 2 Condor Glen, Bellshill, Motherwell, ML1 4UY	LAN236380	The lease between PLC (whose interest as landlord now vests in Electricity Supply Nominees (Scotland) Limited) and Retail dated 15 October and registered in the Books of Council and Session on 30 October all dates in 2019, as subsequently varied and/or amended.	£1
2.	Hop Hub 2, 6 Brittain Way, Bellshill, Motherwell, ML1 4XJ	LAN206820	The lease between Pie & Mouse Limited (whose interest as landlord now vests in Frelif (Eurocentral) LLP) and PLC dated 4 and 12 April and registered in the Books of Council and Session on 10 May all dates in 2022, as subsequently varied and/or amended.	£1

## Section 2 Scottish Bars and Hotels

No.	Property Address	Title Number	Lease Details	Consideration (in respect of the grant of the rights in Part 12 of the Schedule)
1.	5 New Street, Edinburgh EH8 8BH	MID156797	The lease between Edinburgh Castle Limited and Retail dated 6 and 13 December 2021 and registered in the Books of Council and Session on 11 January 2023, as subsequently varied and/or amended.	£50,000
2.	50 Lothian Road, Edinburgh EH3 9BY	MID86666	The lease between The Lister Property Partnership and Retail dated 13 June and 25 July all dates in 2017, as subsequently varied and/or amended.	£1

## Section 3 Draft House English Leasehold Properties

No.	Property Address	Title Number	Lease Details	Consideration (in respect
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1.	Unit 1 Ground & Basement Floors, NGL920588 2 Praed Street, West End Quay, Paddington, London W1 1JB	The lease between Draft House Holding Limited and West End Quay Limited dated 22 February 2018 as supplemented varied, or as amended.
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**Section 4 Retail English Leasehold Properties**

No.	Property Address	Title Number	Lease Details	Consideration (in respect of the grant of the rights in Part 11 of the Schedule)
1.	81-87 John Bright Street, Birmingham B1 1BL	MM8423	The lease between Retail and The Beaufort Homes Development Group Limited dated 21 August 2012 as supplemented, varied or as amended.	£50,000
2.	Units B & C Churchill Place, Canary Wharf E14 5RD	AGL615033	The lease between Retail and Canary Wharf Retail (RT4) Limited dated 19 January 2024 as supplemented, varied or as amended.	£50,000
3.	142 Shaftesbury Avenue and West Street, Seven Dials, London WC2H 8HJ	NGL93801	The lease between Brewdog Retail Limited and Shaftesbury Covent Garden Limited dated 7 February 2018 as supplemented, varied or as amended.	£250,000
4.	Unit 3 The Minster Building, 50-55 Great Tower Street, London EC3R 7DD	AGL433624	The lease between Brewdog Retail Limited and 3f1 Minster Court Unit Trust (Trustee 1) Limited and 3 Minster Court Unit Trust (Trustee 2) Limited dated 15 December 2017 as supplemented, varied or as amended.	
5.	Anchor Unit Ground and Upper Ground Floor Levels, Waterloo London (also known as Waterloo Retail Centre), London SE1 7BH		The lease between Brewdog Retail Limited and London & Continental Railways Limited dated 10 January 2022 as supplemented, varied or as amended.	£500,000

**Section 5 PLC English Leasehold Properties**

No.	Property Address	Title Number	Lease Details	Consideration (in respect of the grant of the rights in Part 11 of the Schedule)
1.	35 Peter Street, Manchester 5BG	M2MAN419461	The lease between PLC and Reuben Leonard Berg and Fiona Berg dated 12 April 2023 as supplemented, varied or as amended.	£50,000

Part 3 Apportionment of the Consideration

<b>Asset</b>	<b>Amount (£)</b>
Books and Records	1.00
UK Business Intellectual Property	8,285,035.14
Non-UK Business Intellectual Property	1,866,818.29
Branded Materials	1.00
benefit subject to the burden (where applicable) of the Contracts and all partly completed goods and/or services allocated by the Company to the Contracts	1.00
Customer Lists	1.00
Equipment	15,000,000.00
Loose Plant and Machinery	1.00
Goodwill	1.00
Business Information Technology	1.00
Name	1.00
Scottish Properties	As apportioned in part 1 and sections 1 and 2 of part 2 of the Schedule
English Leasehold Properties	As apportioned in sections 3, 4 and 5 of part 2 of the Schedule
Stock (excluding PLC Finished Stock)	4,798,128.57
PLC Finished Stock	1.00
Leasehold Debts	1.00
Supplier Prepayments	1.00
Irish Shares	1.00
Irish PLC Receivables	1.00
Irish Retail Receivables	1.00















## 1 General

In this Part 11:

1.1 unless the context otherwise requires the following words or expressions have the following meanings:

**Actual Completion** means the date and time of actual completion of the sale and purchase of each of the English Leasehold Properties hereby agreed.

**Consent** means the consent to the assignment to the Purchaser of the relevant English Leasehold Properties demised by the relevant English Lease from the relevant Reversioner and all superior landlords (if any) as required by the terms of the relevant English Lease and superior lease (if applicable) either by formal licence to assign or otherwise and **Consents** shall be construed accordingly.

**English Acquisition Notice** has the meaning given to it in paragraph 2 of this Part 11.

**English Leases** means the English leases of the English Leasehold Properties and includes all deeds and documents supplemental thereto whether or not expressed to be so and **Lease** shall be construed accordingly.

**English Lease Insurance Rent** means all insurance premiums and other sums payable under any English Lease relating to the insurance of any of the English Leasehold Properties.

**English Lease Rents** means all monies payable on a periodic basis and reserved as rent under any English Lease (including without prejudice to the generality of the foregoing, turnover rent) other than English Lease Insurance Rent and English Lease Service Charge.

**English Lease Service Charge** means all amounts payable on a periodic basis or on account relating to service charges or contributions to facilities or anything used in common, payable under any English Lease, including any balancing charge.

**English Licence Fee** means the English Licence Fee as defined in an English Licence payable under the English Licence and **English Licence Fees** shall be construed accordingly.

**English Licence Period** means the English Licence Period as defined in the English Licence.

**English Licence** means the licences to occupy the English Leasehold Properties to be granted by the Property Companies to the Purchaser in the form set out in Part 8 of the Schedule.

**Final Date** means the date falling 10 Business Days before the end of the relevant English Licence Period for the relevant English Leasehold Property.

**Formal Application** means a formal application to be made by such of the Property Companies as is the tenant under the relevant English Lease to any Reversioner for Consent and shall include an application for the consent of any superior landlord, where required.

**Other Income** means the rental income due from any undertenant for a period covering both before and after Actual Completion, but which has not been paid to and is not held by the Administrators at Actual Completion.

**Property Completion Date** means the date five Business Days following receipt by the Administrators of an English Acquisition Notice where Consent is not required or where Consent is required five Business Days after the grant of the relevant Consent.

**Registered Title Numbers** means the HM Land Registry title numbers referred to in Section 3 of the Schedule.

**Reversioner** means the person in whom is now vested the reversion immediately expectant upon the determination of the term of the relevant English Lease and **Reversioners** shall be construed accordingly.

**Standard Conditions** means the Standard Commercial Property Conditions (Third Edition – 2018 Revision) and a reference in this agreement to a **Standard Condition** means the respective condition in the Standard Conditions.

References in this schedule to paragraphs are to paragraphs of this schedule unless otherwise stated.

## 2 Sale of the English Leasehold Properties

The relevant Property Company (acting by the Administrators) shall sell and the Purchaser shall purchase pursuant to the terms of this Part 11 only those English Leasehold Properties which the Purchaser from time to time gives within three (3) months of the Completion Date written notice (**English Acquisition Notice**) to the Administrators that the Purchaser wishes to acquire any such English Leasehold Property provided always that completion of the sale and purchase of any English Leasehold Property where Consent is required for the transfer or assignment of such English Leasehold Property shall be subject to the satisfaction of the condition in paragraph 3.1 and paragraph 3.2 of this Part 11.

## 3 Conditions for sale

3.1 Completion of the sale and purchase of any English Leasehold Properties where Consent is required for the transfer or assignment of such English Leasehold Property to the Purchaser hereby agreed is conditional upon the relevant Consent being obtained on or before the Final Date and where applicable to any Reversioner not exercising any pre-emptive or offer back right contained in any English Lease.

- 3.2 The relevant Property Company (being whichever is the tenant under the relevant English Lease) shall as soon as reasonably practicable following receipt of an English Acquisition Notice make the relevant Formal Application.
- 3.3 Where any English Lease contains pre-emption rights or offer back provisions in favour of a Reversioner the Formal Application shall be in such form and shall contain such provisions as shall comply with the relevant pre-emption or offer back provisions in any relevant English Lease.
- 3.4 Following submission by the relevant Property Company of any Formal Application:
- (a) the Purchaser is authorised by the relevant Property Company to progress such Formal Application at the sole risk and cost of the Purchaser without any liability on the part of relevant Company and without prejudice to the provisions of paragraphs 5.2 and 12 of this Part 11 and provided always that the Purchaser shall not agree the form of any document or licence required by any Reversioner to which the Property Companies or the Administrators are to be party in respect of any Consent without the prior consent of the Administrators to any provisions which impose obligations or liabilities on the Property Companies or the Administrators such consent not to be unreasonably withheld or delayed;
  - (b) the Purchaser shall use its reasonable endeavours to procure the Consents but this shall not oblige the Purchaser to act against its commercial interests in doing so;
  - (c) the Purchaser shall:
    - (i) supply such information and references as may be requested by the Reversioner;
    - (ii) enter into such covenants directly with the Reversioner for the payment of the rents reserved by the relevant English Lease and to observe and perform the covenants, conditions and obligations contained or mentioned in the relevant English Lease; and
    - (iii) pay the agreed costs of the Reversioner and any superior landlord in respect of the Formal Application, provision of any Consent and any licence to assign or other document required in connection with the Consent assignment or transfer and such costs shall be borne by the Purchaser notwithstanding the determination of this agreement in respect of any English Leasehold Property pursuant to paragraph 4 of this Part 11.
- 3.5 The Property Companies shall under no circumstances be required to:
- (a) enter into any authorised guarantee agreement or provide any other form of guarantee deposit or security notwithstanding the same may be reasonably or properly required under the term of the relevant English Lease or any superior lease; or
  - (b) pay any rent or other sums due and payable pursuant to the terms of the relevant English Lease.
- 3.6 If any Consent has not been granted on or before the Final Date, then any party may determine this agreement in relation to any English Leasehold Property where Consent has not been granted by the service of not less than five Business Days' notice. On the expiry of that notice, this agreement will automatically determine in relation to such English Leasehold Property only.
- 3.7 If any English Lease is forfeited prior to the Final Date this agreement will automatically determine in relation to such English Leasehold Properties only.
- 3.8 If any Reversioner exercises any pre-emption or offer back rights in respect of any English Leasehold Property, this agreement will automatically determine in relation to such English Leasehold Property only on completion of the transfer, assignment or surrender of the relevant English Leasehold Property to that Reversioner.
- 3.9 If this agreement is determined in respect of any English Leasehold Property pursuant to paragraph 3.6 to 3.8 (inclusive) no party shall have any claim against any other save that the Purchaser shall forthwith cancel and remove any registration of this agreement which has been made at the HM Land Registry in respect of the relevant English Leasehold Property and for the avoidance of doubt no part of the Consideration shall be refunded and in all other respects this agreement shall remain in full force and effect.

#### **4 Standard Conditions**

Part 1 of the Standard Conditions is incorporated (and shall be deemed incorporated for the purposes of section 2 of the *Law of Property (Miscellaneous) Provisions Act 1989*) in this agreement except as varied by or inconsistent with the express terms of this agreement.

#### **5 Licence to occupy**

- 5.1 The Property Companies shall permit the Purchaser to occupy the English Leasehold Properties pursuant to the English Licence for a period not exceeding the English Licence Period pending the Purchaser deciding whether to serve an English Acquisition Notice and if an English Acquisition Notice is served pending the grant of any of the Consent and completion of the assignment or transfer of the relevant English Lease to the Purchaser and on the Completion Date the Property Companies shall grant and the Purchaser shall accept the English Licence and the Guarantor shall execute and deliver the English Licence as guarantor for the Purchaser, and the Guarantor shall execute and deliver the English Licence as guarantor for the Purchaser.
- 5.2 The Purchaser acknowledges that the grant of the English Licence of the English Leasehold Properties pursuant to paragraph 5.1 of this Part 11 may in respect of all or any of the English Leasehold Properties amount to a breach of the relevant English Lease and any risk in respect thereof or in respect of any refusal on the part of any Reversioner or any superior landlord to Consent is the Purchaser's alone and the Purchaser shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand from and against all Claims or Losses arising from any such breach including without prejudice to the generality of the foregoing any action or steps taken by any Reversioner or any superior landlord or threatened or contemplated by any Reversioner or any superior landlord in respect of any such breach.
- 5.3 The Purchaser shall pay to the relevant Property Company (being whichever is the tenant under the relevant English Lease) the English Licence Fee in

accordance with the provisions of the English Licence.

## **6 Completion**

Subject to the other terms of this Part 11 completion of the sale and purchase of the English Leasehold Properties shall take place on the Property Completion Date at the offices of the Administrators' Solicitors.

## **7 Capacity**

The Property Companies sell the English Leasehold Properties with no title guarantee and no covenants for title shall be implied in this agreement or in any transfer or assignment of the English Leasehold Properties.

## **8 Title**

8.1 The Purchaser acknowledges that prior to the Completion Date the following documents have been made available to it by way of deduction of title:

- (a) official copies and title plans of the Registered Title Numbers; and
- (b) so far as they are held by the Administrators copies of the English Leases and all ancillary documents.

8.2 The Purchaser:

- (a) acknowledges that good title to the English Leasehold Properties has been deduced;
- (b) shall be deemed to buy the English Leasehold Properties with full knowledge of all documents and information so supplied; and
- (c) shall not be entitled to raise any objection or requisition in respect of such documents and such information.

## **9 Matters affecting the English Leasehold Properties**

The English Leasehold Properties are sold subject to and with the benefit of the following matters and the Purchaser shall not raise any requisitions in regard thereto:

- 9.1 the matters (if any) referred to or contained in the registers to the Registered Title Numbers;
- 9.2 the covenants and obligations on the part of the tenant contained mentioned or referred to in the English Leases;
- 9.3 all rights of way and light support water drainage and other rights, easements, profits, quasi easements, liabilities, wayleaves, charges, and public or private rights whatsoever and to any liability to repair or to contribute to the repair of roads driveways passageways sewers drains fences and other like matters and to all incumbrances of whatsoever nature without any obligation on the part of the Property Companies or the Administrators to define the same;
- 9.4 all wayleaves, licences, agreements and tenancies affecting the Properties and all other present and subsisting occupational interests (howsoever arising) without any obligation on the part of the Property Companies or the Administrators to define the same or identify the occupiers or the nature of their respective interests in the English Leasehold Properties;
- 9.5 all local land charges (whether or not registered before the Completion Date) and all matters affecting the English Leasehold Properties which are capable of registration as local land charges whether or not so registered;
- 9.6 all notices served and orders demands proposals or requirements made by any local public or other competent authority (whether before or after the Completion Date);
- 9.7 all actual or proposed restrictions conditions charges agreements regulations or other liabilities arising under the legislation from time to time in force relating to town and country planning; and
- 9.8 any unregistered interest with overriding status (as set out in schedules 1, 3 and 12 of the *Land Registration Act 2002*) affecting the English Leasehold Properties and all matters which either are revealed or would reasonably be expected to be revealed by inspection and enquiries usually made by a prudent purchaser.

## **10 Rubbish**

Neither the Property Companies nor the Administrators shall be under any obligation to remove any rubbish or other items from the English Leasehold Properties nor shall the Purchaser be allowed any compensation in respect thereof.

## **11 Restrictions on transfer**

The Property Companies shall not be required to transfer or assign the English Leasehold Properties to any person or party other than the Purchaser; nor at more than the Consideration under the terms of this agreement such consideration being apportioned between the English Leasehold Properties as set out in Section 3 of the Schedule.

## **12 Exclusion clauses**

For the avoidance of doubt the exclusions contained in clause 23 (*Exclusion of Administrators' Liability*) of this agreement apply equally in respect of the conditions obligations and other matters set out in this Part 11.

## **13 Transfer of environmental liability**

13.1 The Purchaser acknowledges that:

- (a) it has had full opportunity (at its own risk and volition and without the consent or approval of the Property Companies or the Administrators) to inspect and survey the English Leasehold Properties and carry out investigations thereon prior to the Completion Date;
- (b) it has satisfied itself as to the condition of the English Leasehold Properties; and
- (c) each Property Company has no liability in relation to, or arising out of, the condition of the English Leasehold Properties,

and accordingly the Purchaser accepts that, in the event of a determination falling to be made in respect of any of the English Leasehold Properties under section 78F of the *Environmental Protection Act 1990*, the exclusion test set out at sections 7.46 to 7.50 (inclusive) of the Contaminated Land Statutory Guidance issued by the Department for Environment, Food and Rural Affairs in April 2012 (Test 3 - "Sold with Information") shall apply on the assignment or transfer of any English Leasehold Property so as to transfer any liabilities relating to the condition of any English Leasehold Property from any of the Property Companies and/or the Administrators to the Purchaser.

13.2 The Purchaser further acknowledges that:

- (a) the Consideration for the English Leasehold Properties takes account of the state and condition of the English Leasehold Properties, and reflects their state and condition as at the Completion Date; and
- (b) as between itself, the Property Companies and the Administrators, the Purchaser is exclusively responsible for carrying out any remediation works which may be required at any of the English Leasehold Properties,

and accordingly the Purchaser accepts that, in the event of a determination falling to be made in respect of any of the English Leasehold Properties under section 78F of the *Environmental Protection Act 1990*, the exclusion test set out at sections 7.40 to 7.45 (inclusive) of the Contaminated Land Statutory Guidance issued by the Department for Environment, Food and Rural Affairs in April 2012 (Test 2 - "Payments made for remediation") shall apply on the sale of any English Leasehold Property so as to transfer any liabilities relating to the condition of any English Leasehold Property.

13.3 The Property Companies, the Administrators and the Purchaser agree that, in respect of the presence, retention or accumulation of any hazardous substances or waste at, in, on or under the English Leasehold Properties or any of them at any time or any migration or escape of such hazardous substances or waste:

- (a) if any notice is served on any of them by a competent authority then the sole responsibility for complying with that notice is to rest with the Purchaser to the exclusion of the Property Companies and the Administrators; and
- (b) if the competent authority wishes to recover costs from any or all of the Property Companies, the Administrators and the Purchaser then, as between them, the sole responsibility for the payment of those costs is to rest with the Purchaser to the exclusion of the Property Companies and the Administrators.

13.4 The Purchaser acknowledges that it is responsible for and the Purchaser shall fully indemnify and keep each of the Property Companies and the Administrators fully indemnified on demand from and against all Losses, Claims, expenses or other liabilities which any of the Property Companies and/or the Administrators may incur arising in respect of the presence, retention or accumulation of any hazardous substances or waste at, in, on or under the English Leasehold Properties (whether or not identified as at the date of this agreement), or any migration or other escape of such hazardous substances or waste from the English Leasehold Properties or any of them at any time.

13.5 The Property Companies, the Administrators and the Purchaser agree that if any competent authority seeks to allocate liability under Part IIA of the *Environmental Protection Act 1990* or other legislation imposing regulatory clean-up requirements in respect of or in relation to the English Leasehold Properties other than in accordance with the terms of this agreement, each party shall be entitled to produce a copy of this agreement to such competent authority and the other parties shall not question its validity.

13.6 The agreements in paragraphs 13.1, 13.2 and 13.3 of this Part 11 are made with the intention that any competent authority should give effect to those agreements in accordance with the statutory guidance issued under the *Environmental Protection Act 1990* or any similar guidance (whether statutory or non-statutory) under which similar responsibilities may be imposed; and/or in the absence of such statutory guidance, those agreements should be taken into account by any such authority when determining whether and how to exercise any discretion available to it when making any relevant determination.

## **14 Transfers**

14.1 The Purchaser shall prepare and send the draft assignment and/or transfer of each relevant English Leasehold Properties to the relevant Property Company and the Administrators as soon as reasonably practicable after the form of Consent has been substantially agreed (but in any event at least 10 Business Days prior to the relevant Property Completion Date). The transfer to be entered into between the relevant Property Company (acting by the Administrator) shall be in the form of the relevant draft set out in Part 16 amended to reflect the details of the relevant English Leasehold Property and relevant English Lease and any other pertinent amendments and shall be duly executed by the relevant parties to this agreement.

14.2 The relevant Property Company (acting by the Administrator) will approve or revise each assignment and/or transfer as soon as is reasonably practicable and the parties shall use all reasonable endeavours that are commercially prudent to agree the transfer no later than two Business Days prior to the relevant Property Completion Date.

## **15 Responsibility for the English Leasehold Properties**

15.1 The English Leasehold Properties are at the risk of the Purchaser from the Completion Date

15.2 Notwithstanding that the Property Companies are under no obligation to insure the relevant English Leasehold Properties the Property Companies may at its option insure its interests in the relevant English Leasehold Properties against damage or destruction by fire or other hazard or in respect of

any other insurable risks or perils as the relevant Property Company in its sole discretion deems expedient but only where such insurance would not be a breach of the English Lease.

15.3 Section 47 of the *Law of Property Act 1925* shall not apply to this agreement.

## **16 Management matters**

Until Actual Completion of the sale of any English Leasehold Property each Property Company shall be entitled to continue to manage the operation of the relevant English Leases to the English Leasehold Properties (save that it shall not be permitted to assign, underlet or charge any of the English Leasehold Properties or agree any rent review without the consent of the Purchaser, such consent not to be unreasonably withheld or delayed) in accordance with the normal leasehold management policies adopted by the relevant Property Company (acting reasonably and properly in this regard).

## **17 Property Apportionments of income and outgoings**

### **17.1 English Lease Rents**

The Purchaser shall on Actual Completion of the sale of the relevant English Leasehold Property pay to the relevant Property Company (being whichever is the tenant under the relevant English Lease) an amount equal to any English Lease Rents paid in advance by the relevant Property Company pursuant to any English Lease in respect of any period after Actual Completion.

### **17.2 English Lease Insurance Rent**

The Purchaser shall on Actual Completion of the sale of the relevant English Leasehold Property pay to the relevant Property Company (being whichever is the tenant under the relevant English Lease) an amount equal to any English Lease Insurance Rent due under any English Lease which has been paid by the relevant Property Company to an insurer or to a landlord pursuant to a English Lease in respect of any period after Actual Completion.

### **17.3 English Service Charges**

The Purchaser shall on Actual Completion of the sale of the relevant Property Company pay to the relevant Property Company (being whichever is the tenant under the relevant English Lease) an amount equal to any English Lease Service Charge due under any English Lease which has been paid by the relevant Property Company to a landlord pursuant to a English Lease in respect of any period after Actual Completion.

### **17.4 Apportionment**

The sums referred to in this paragraph 16 of this Part 11 are to be apportioned on Actual Completion of the sale of the relevant English Leasehold Property on the basis that the relevant Property Company receives any income and is liable for any outgoings for the whole of the day on which apportionment is to be made and the apportionments shall be calculated in accordance with Standard Condition 9.3.4.

### **17.5 English Licence Fee**

The English Licence Fee paid by the Purchaser under English Licence to the Property Companies in cleared funds in respect of the English Leasehold Properties shall be allowed against any payments due from the Purchaser to the relevant Property Company under paragraphs 17.1, 17.2 or 17.3 of this Part 11 above where such amounts relate to the same period for the relevant English Leasehold Property.

### **17.6 Apportionment of underlease rental income**

- (a) The Purchaser shall on Actual Completion of the sale of the relevant English Leasehold Property be paid or allowed a sum representing the proportion of the Received Income attributable to the period from Actual Completion to and including the date to which the rent has been paid up to in respect of that English Leasehold Property.
- (b) The Purchaser shall on Actual Completion of the sale of the relevant English Leasehold Property pay to the relevant Property Company (being whichever is the tenant under the relevant English Lease) an amount equal to the Other Income and the relevant Property Company shall assign to the Purchaser all such rights as relevant Property Company (being whichever is the tenant under the relevant English Lease) has to recover from the relevant undertenant the Other Income in respect of that English Leasehold Property.

### **17.7 Other apportionments**

In respect of any other income and outgoings relating to the relevant English Leasehold Property such sums shall, save as provided in the Licences, be apportioned in accordance with the Standard Conditions as amended by this Part 11.

## **18 Standard Conditions**

The modifications to Part 1 of the Standard Conditions are:

18.1 Standard Condition 1.1.1(c) is varied by deleting the words "a bank which is stakeholder in the CHAPS Clearing Co. Limited" and replacing them with the words "a bank within the United Kingdom which is a direct participant in the CHAPS system operated by the Bank of England";

18.2 for the purposes of Standard Condition 1.1.1(e) the contract rate is five per cent above the base rate of lending from time to time of HSBC;

18.3 Standard Conditions 1.3.7(e), 2, 4.1.3, 5.1.4, 5.1.6, 5.2, 6.1.4, 6.1.6, 6.1.7, 6.1.8, 7.1, 7.2, 7.3, 7.4.2, 7.6.2, 7.6.6, 9.1.1, 10.1, 10.6.3, 11.2.5, 11.3 and 12 shall not apply to this agreement; and

18.4 if any Property Company gives the requisite notice to the Purchaser under Standard Condition 10.3.4 this shall not in any way prejudice or affect the relevant Property Company's other rights and remedies.

## 19 Costs

Each party shall bear its own costs (including all professional fees) incurred in entering into and putting into effect the terms of this Part 11 save as provided in paragraphs 2.2 and 5 of this Part 11 and save that the Purchaser shall be responsible for all costs of the Property Companies and Administrators in connection with the Formal Applications and the negotiation and granting of any Consents and in connection with completion of the assignment or transfers of any of the English Leasehold Properties.

## 20 Governing law and jurisdiction

20.1 This Part 11 and any dispute or claim arising from or in connection with this Part 11 is governed by and shall be construed in accordance with English Law.

20.2 Each party irrevocably agrees that the courts of England shall have exclusive jurisdiction to settle any dispute or claim arising from or in connection with this Part 11.

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## Part 12 Conditions of sale of the Scottish Properties

These provisions of this Part 12 apply subject to clause 9. The transfers of the Ellon Site, Hop Hub 1 and Hop Hub 2 will not occur at Completion but on the Property Transfer Date. Any references in this Part to Completion shall be interpreted accordingly.

### 1 General

In this Part 12:

1.1 unless the context otherwise requires the following words or expressions have the following meanings:

**2012 Act** means the Land Registration etc (Scotland) Act 2012.

**Actual Completion** means the date and time of actual completion of the sale and purchase of each of the Scottish Properties hereby agreed.

**Advance Notice** means an advance notice as defined in Section 56 of the Land Registration etc (Scotland) Act 2012.

**Consent** means the written consent required for the assignation of PLC's or Retail's interest in the relevant Scottish Lease to the Purchaser from the Landlord and any superior landlord (if applicable), in each case to the extent required under the terms of the relevant Scottish Lease or any superior title, whether such consent is given by formal letter of consent or otherwise; and Consents shall be construed accordingly.

**Encumbrances** means encumbrances set out in section 9 of the 2012 Act

**Final Date** means the date falling 10 Business Days before the end of the relevant Scottish Licence Period for the relevant Scottish Leasehold Property.

**Formal Application** means a formal application to be made by PLC or Retail to any landlord or other person in whom the landlord's interest is vested for consent to an assignation, and includes any application for the consent of any superior or other person whose consent is required under the title to the relevant Scottish Property.

**LBTT** means land and buildings transaction tax as provided for in the Land and Buildings Transaction Tax (Scotland) Act 2013.

**Leasehold Properties Subleases** means the subleases of the Scottish Leasehold Properties listed in Section 1 of this Part 12.

**Other Income** means the rental income due from any Subtenant for a period covering both before and after Actual Completion but which has not been paid to and is not held by the Administrators at Actual Completion.

**Property Completion Date** means the date five Business Days following receipt by the Administrators of a Scottish Acquisition Notice where Consent is not required or where Consent is required five Business Days after the grant of the relevant Consent provided that (i) for Hop Hub 1, Property Completion Date shall mean the Property Transfer Date, and (ii) for Hop Hub 2, Property Completion Date shall mean the Property Transfer Date.

**Registered Title Numbers** means the Land Register of Scotland title numbers referred to in Part 1 and Section 1 and Section 2 of Part 2 of the Schedule.

**Scottish Acquisition Notice** means a written notice given by the Purchaser in accordance with Part 12 of the Schedule (but for the avoidance of doubt, no Scottish Acquisition Notice is required or permitted in respect of Hop Hub 1 or Hop Hub 2). For the avoidance of doubt, the procedure for Scottish Acquisition Notices does not apply to Hop Hub 1 or Hop Hub 2, each of which shall transfer on the Property Transfer Date without any Acquisition Notice.

**Scottish Leases** means the leases of the Scottish Properties referred to in Section 2 of this Schedule and includes all deeds and documents supplemental thereto whether or not expressed to be so and **Lease** shall be construed accordingly.

**Scottish Lease Insurance Rent** means all insurance premiums and other sums payable under any Scottish Lease relating to the insurance of any of the Scottish Properties.

**Scottish Lease Rents** means all monies payable on a periodic basis and reserved as rent under any Scottish Lease (including without prejudice to the generality of the foregoing, turnover rent) other than Scottish Lease Insurance Rent and Scottish Lease Service Charge.

**Scottish Lease Service Charge** means all amounts payable on a periodic basis or on account relating to service charges or contributions to facilities or anything used in common, payable under any Scottish Lease, including any balancing charge.

**Scottish Licence Fee** means the Scottish Licence Fee as defined in the Scottish Licences payable under the Scottish Licences.

**Scottish Licence Period** means the Scottish Licence Period as defined in the Scottish Licences.

**Scottish Licences** means the licences to occupy the Scottish Properties to be granted by the PLC or Retail to the Purchaser in the form set out in Part 9.

**Scottish Received Income** means rental income actually held by the Administrators at Actual Completion which has been paid by any Subtenant for a period after Actual Completion.

**Subleases** means the Leasehold Properties Subleases and includes all deeds and documents supplemental thereto whether or not expressed to be so.

**Subtenants** means the subtenants of the Scottish Properties occupying or entitled to occupy pursuant to the Subleases.

References in this schedule to paragraphs are to paragraphs of this schedule unless otherwise stated.

## **2 Sale of the Scottish Properties**

The PLC or Retail (acting by the Administrators) shall sell and the Purchaser shall purchase pursuant to the terms of this Part 12:

2.1 the Heritable Properties;

2.2 Hop Hub 1 and Hop Hub 2; and

2.3 only those Scottish Leasehold Properties (other than Hop Hub 1 and Hop Hub 2) in respect of which the Purchaser from time to time gives within three (3) months of the Completion Date written notice (**Scottish Acquisition Notice**) to the Administrators that the Purchaser wishes to acquire any such Scottish Leasehold Property provided that assignation of any such Scottish Leasehold Property shall not take place unless and until the relevant Consent has been obtained.

## **3 Conditions for sale (Heritable Properties)**

3.1 At Completion, PLC (acting by the Administrators) shall deliver to the Purchaser (or its solicitors) a duly executed Disposition.

3.2 The Purchaser may, at its cost, submit Advance Notices in respect of the Disposition.

3.3 The Purchaser shall be responsible for submitting applications for registration of the Disposition at Registers of Scotland, paying all Land Register dues and LBTT, and responding to any requisitions raised by the keeper.

## **4 Conditions for sale (Scottish Leasehold Properties)**

4.1 Completion of the sale and purchase of any Scottish Leasehold Property where Consent is required for the transfer or assignation of such Scottish Leasehold Property to the Purchaser hereby agreed is conditional upon the relevant Consent being obtained on or before the Final Date and where applicable to any superior landlord not exercising any pre-emptive right contained in any Scottish Lease.

4.2 PLC or Retail (being whichever is the tenant under the relevant Scottish Lease) shall as soon as reasonably practicable following receipt a Scottish Acquisition Notice make the relevant Formal Application.

4.3 Where any Scottish Lease contains pre-emption rights in favour of a landlord or superior landlord the Formal Application shall be in such form and shall contain such provisions as shall comply with the relevant pre-emption provisions in any relevant Scottish Lease.

4.4 Following submission by PLC or Retail to of any Formal Application:

- (a) the Purchaser is authorised by PLC or Retail (as relevant) to progress such Formal Application at the sole risk and cost of the Purchaser without any liability on the part of PLC or Retail (as relevant) and without prejudice to the provisions of paragraphs 5.2 and 12 of this Part 12 and provided always that the Purchaser shall not agree the form of any document or licence required by any landlord or superior landlord in respect of any Consent without the prior consent of the Administrators to any provisions which impose obligations or liabilities on PLC or Retail or the Administrators, such consent not to be unreasonably withheld or delayed;
- (b) the Purchaser shall use its reasonable endeavours to procure the Consents but this shall not oblige the Purchaser to act against its commercial interests in doing so;
- (c) the Purchaser shall:
  - (i) supply such information and references as may be requested by the landlord or any superior landlord;
  - (ii) enter into such obligations directly with the landlord (and any superior landlord, if required) for the payment of the rents reserved by the relevant Scottish Lease and to observe and perform the obligations, conditions and obligations contained or mentioned in the relevant Scottish Lease; and
  - (iii) pay the agreed costs of the landlord and any superior landlord in respect of the Formal Application, provision of any Consent and any letter of consent or other document required in connection with the Consent assignation or transfer and such costs shall be borne by the Purchaser notwithstanding the determination of this agreement in respect of any Scottish Property pursuant to paragraph 4.6 of this Part 12.

4.5 PLC or Retail shall under no circumstances be required to:

- (a) enter into any guarantee or provide any other form of deposit or security notwithstanding the same may be reasonably or properly required under the term of the relevant Scottish Lease or any superior lease; or
- (b) pay any rent or other sums due and payable pursuant to the terms of the relevant Scottish Lease.

4.6 If any Consent has not been granted on or before the Final Date, then any party may determine this agreement in relation to any Scottish Property where Consent has not been granted by the service of not less than five Business Days' notice. On the expiry of that notice, this agreement will automatically determine in relation to such Scottish Property only.

- 4.7 If any Scottish Lease is irritated prior to the Final Date this agreement will automatically determine in relation to such Scottish Properties only.
- 4.8 If any landlord exercises any pre-emption rights in respect of any Scottish Leasehold Property, this agreement will automatically determine in relation to such Scottish Leasehold Property only on completion of the transfer, assignation or surrender of the relevant Scottish Leasehold Property to that landlord.
- 4.9 If this agreement is determined in respect of any Scottish Property pursuant to paragraph 4.6 to 4.8 (inclusive) no party shall have any claim against any other save that the Purchaser shall forthwith cancel and remove any registration of this agreement which has been made at the Land Register of Scotland in respect of the relevant Scottish Property and for the avoidance of doubt no part of the Consideration shall be refunded and in all other respects this agreement shall remain in full force and effect.

## **5 Scottish Licence to occupy**

- 5.1 PLC or Retail (as relevant) shall permit the Purchaser to occupy the Scottish Properties pursuant to the Scottish Licence for a period not exceeding the Scottish Licence Period pending the Purchaser deciding whether to serve a Scottish Acquisition Notice and if a Scottish Acquisition Notice is served pending the grant of any of the Consent and completion of the assignation or transfer of the relevant Scottish Lease to the Purchaser and on the Completion Date PLC or Retail (as relevant) shall grant and the Purchaser shall accept the Scottish Licence, and the Guarantor shall execute and deliver the Scottish Licence as guarantor for the Purchaser.
- 5.2 The Purchaser acknowledges that the grant of the Scottish Licence of the Scottish Leasehold Properties pursuant to paragraph 5.1 of this Part 12 may in respect of all or any of the Scottish Leasehold Properties amount to a breach of the relevant Scottish Lease and any risk in respect thereof or in respect of any refusal on the part of any landlord to Consent is the Purchaser's alone and the Purchaser shall fully indemnify and keep each of PLC and Retail (as relevant) and the Administrators fully indemnified on demand from and against all Claims or Losses arising from any such breach including without prejudice to the generality of the foregoing any action or steps taken by any landlord or threatened or contemplated by any superior landlord in respect of any such breach.
- 5.3 The Purchaser shall pay to PLC or Retail (as relevant) the Scottish Licence Fees in accordance with the provisions of the Scottish Licences.

## **6 Completion**

- 6.1 Subject to the other terms of this Part 12, completion of the sale of the Heritable Properties shall occur when: (i) the Disposition is subscribed by PLC (acting by the Administrators) and delivered to the Purchaser's Solicitors, and (ii) the Consideration attributable to the Heritable Properties is paid in full.
- 6.2 Subject to the other terms of this Part 12, completion of the sale of the Scottish Leasehold Properties shall take place on the Property Completion Date at the offices of the Administrators' Solicitors.

## **7 Capacity**

PLC or Retail (as relevant) sells the Scottish Properties with no warranty as to title and no obligations for title shall be implied in this agreement or in any transfer or assignation of the Scottish Properties.

## **8 Title**

- 8.1 The Heritable Properties are sold with and under (i) all real burdens, servitudes, wayleaves, notices and other encumbrances affecting the Heritable Properties, and (ii) all encumbrances having overriding effect under the Land Registration etc. (Scotland) Act 2012.
- 8.2 The Purchaser acknowledges that prior to the Completion Date the following documents have been made available to it by way of deduction of title:
- (a) all relevant Land Register of Scotland Title Sheet and Title Plans; and
  - (b) so far as they are held by the Administrators:
    - (i) copies of the Scottish Leases; and
    - (ii) copies of the Subleases.
- 8.3 The Purchaser:
- (a) is deemed to have satisfied itself with the titles to the Scottish Properties;
  - (b) shall be deemed to buy the Scottish Properties with full knowledge of all documents and information so supplied; and
  - (c) shall not be entitled to raise any objection or requisition in respect of such documents and such information.

## **9 Matters affecting the Scottish Properties**

The Scottish Properties are sold subject to and with the benefit of the following matters and the Purchaser shall not raise any requisitions in regard thereto:

- 9.1 the matters (if any) referred to or contained in the title sheets in respect of the Registered Title Numbers;
- 9.2 the obligations on the part of the tenant contained mentioned or referred to in the Scottish Leases and the obligations of the landlord contained, mentioned or referred to in the Subleases;
- 9.3 all rights of way and light support water drainage and other rights, servitudes, profits, liabilities, wayleaves, charges, and public or private rights

whatsoever and to any liability to repair or to contribute to the repair of roads driveways passageways sewers drains fences and other like matters and to all encumbrances of whatsoever nature without any obligation on the part of PLC or Retail (as relevant) or the Administrators to define the same;

- 9.4 all wayleaves, licences, agreements and tenancies affecting the Scottish Properties including the Subleases and all other present and subsisting occupational interests (howsoever arising) without any obligation on the part of PLC or Retail (as relevant) or the Administrators to define the same or identify the occupiers or the nature of their respective interests in the Scottish Properties;
- 9.5 all notices served and orders demands proposals or requirements made by any local public or other competent authority (whether before or after the Completion Date);
- 9.6 all actual or proposed restrictions conditions charges agreements regulations or other liabilities arising under the legislation from time to time in force relating to town and country planning; and
- 9.7 all Encumbrances – and all matters which are or ought reasonably to have been discovered from: an inspection of the Scottish Properties and enquiries made by a prudent purchaser.

## **10 Rubbish**

Neither PLC or Retail (as relevant) nor the Administrators shall be under any obligation to remove any rubbish or other items from the Scottish Properties nor shall the Purchaser be allowed any compensation in respect thereof.

## **11 Restrictions on transfer**

PLC and Retail shall not be required to transfer or assign the Scottish Properties to any person or party other than the Purchaser; nor at more than the Consideration under the terms of this agreement such consideration being apportioned between the Scottish Properties as set out in the Schedule.

## **12 Exclusion clauses**

For the avoidance of doubt the exclusions contained in clauses 22 and 23 of this agreement apply equally in respect of the conditions obligations and other matters set out in this Part 12.

## **13 Transfer of environmental liability**

13.1 The Purchaser acknowledges that:

- (a) it has had full opportunity (at its own risk and volition and without the consent or approval of PLC or Retail (as relevant) or the Administrators) to inspect and survey the Scottish Properties and to carry out such environmental investigations as it considers necessary prior to the Completion Date;
- (b) it has satisfied itself as to the condition of the Scottish Properties; and
- (c) PLC and Retail have no liability in relation to, or arising out of, the condition of the Scottish Properties,

and accordingly the Purchaser accepts that, for the purposes of Part IIA of the Environmental Protection Act 1990 as applied in Scotland, and the statutory guidance issued by the Scottish Ministers from time to time, the Purchaser shall be treated as the person responsible for any remediation in respect of the condition of the Scottish Properties.

13.2 The Purchaser further acknowledges that:

- (a) the Consideration for the Scottish Properties takes account of the state and condition of the Scottish Properties as at the Completion Date; and
- (b) as between itself, PLC, Retail and the Administrators, the Purchaser is exclusively responsible for carrying out any remediation works which may be required at any of the Scottish Properties,

and accordingly the Purchaser accepts that, for the purposes of Part IIA of the Environmental Protection Act 1990 (as applied in Scotland) and the relevant statutory guidance, any liabilities relating to the condition of the Scottish Properties shall rest exclusively with the Purchaser.

13.3 PLC or Retail (as relevant), the Administrators and the Purchaser agree that in respect of the presence, retention or accumulation of any hazardous substances or waste at, in, on or under the Scottish Properties, or any migration or escape of such substances or waste:

- (a) if any notice is served under applicable environmental law by a competent authority, the sole responsibility for complying with that notice shall rest with the Purchaser; and
- (b) if the competent authority wishes to recover costs from any of PLC, Retail, the Administrators or the Purchaser, the sole responsibility as between those parties for meeting such costs shall rest with the Purchaser.

13.4 The Purchaser acknowledges that it is responsible for, and shall fully indemnify and keep each of PLC, Retail and the Administrators fully indemnified on demand from and against, all Losses, Claims, expenses or other liabilities which PLC, Retail and/or the Administrators may incur arising out of or in respect of the presence, retention or accumulation of any hazardous substances or waste at, in, on or under the Scottish Properties (whether or not identified as at the date of this agreement), or any migration or other escape of such hazardous substances or waste from the Scottish Properties or any of them at any time.

13.5 If any competent authority seeks to allocate liability under Part IIA of the Environmental Protection Act 1990 (as applied in Scotland), or under any other legislation imposing regulatory clean-up requirements in respect of the Scottish Properties in accordance with the terms of this agreement, each party shall be entitled to produce a copy of this agreement to such authority and the other parties shall not challenge its validity.

13.6 The agreements in paragraphs 13.1 to 13.3 of this Part 12 are intended to be taken into account by any competent authority in accordance with the Scottish statutory guidance made under Part IIA of the Environmental Protection Act 1990 or any similar guidance (whether statutory or non-statutory) under which similar responsibilities may be imposed; and/or in the absence of such statutory guidance, those agreements should be taken into account by any such authority when determining whether and how to exercise any discretion available to it when making any relevant determination.

#### **14 Assignations**

14.1 The Purchaser shall prepare and send the draft assignment of each relevant Scottish Leasehold Properties to PLC or Retail (as relevant) and the Administrators as soon as reasonably practicable after the form of Consent has been substantially agreed (but in any event at least 5 Business Days prior to the relevant Property Completion Date). The assignment to be entered into between PLC or Retail (as relevant) (acting by the Administrator) shall be in the form of the relevant draft set out in Part 17 of the Schedule amended to reflect the details of the relevant Scottish Property and relevant Scottish Lease and any subsisting Subleases and shall be duly executed by the relevant parties to this agreement.

14.2 PLC or Retail (as relevant) (acting by the Administrator) will approve or revise each assignment as soon as is reasonably practicable and the parties shall use all reasonable endeavours that are commercially prudent to agree the transfer no later than two Business Days prior to the relevant Property Completion Date.

#### **15 Responsibility for the Scottish Properties**

15.1 The Scottish Properties are at the risk of the Purchaser from the Completion Date.

15.2 Notwithstanding that PLC or Retail (as relevant) is under no obligation to insure the Scottish Properties PLC or Retail (as relevant) may at its option insure its interests in the Scottish Properties against damage or destruction by fire or other hazard or in respect of any other insurable risks or perils as PLC or Retail (as relevant) in its sole discretion deems expedient but only where such insurances would not be a breach of the lease.

#### **16 Management matters**

Until Actual Completion of the sale of any Scottish Property PLC or Retail (as relevant) shall be entitled to continue to manage the operation of any Leases to the Scottish Properties (save that it shall not be permitted to assign, underlet or charge any of the Scottish Properties, or agree any rent review, without the consent of the Purchaser, such consent not to be unreasonably withheld or delayed) in accordance with the normal management policies adopted by PLC or Retail (as relevant) (acting reasonably and properly in that regard) prior to the Completion Date.

#### **17 Scottish Property apportionments of income and outgoings**

##### **17.1 Scottish Lease Rents**

The Purchaser shall on Actual Completion of the sale of the relevant Scottish Property pay to PLC or Retail (as relevant) an amount equal to any Scottish Lease Rents paid in advance by PLC or Retail (as relevant) pursuant to any Scottish Lease in respect of any period after Actual Completion.

##### **17.2 Scottish Lease Insurance Rent**

The Purchaser shall on Actual Completion of the sale of the relevant Scottish Property pay to PLC or Retail (as relevant) an amount equal to any Scottish Lease Insurance Rent due under any Scottish Lease which has been paid by PLC or Retail (as relevant) to an insurer or to a landlord pursuant to a Scottish Lease in respect of any period after Actual Completion.

##### **17.3 Service Charges**

The Purchaser shall on Actual Completion of the sale of the relevant Scottish Property pay to PLC or Retail (as relevant) an amount equal to any Scottish Lease Service Charge due under any Scottish Lease which has been paid by PLC or Retail (as relevant) to a landlord pursuant to a Scottish Lease in respect of any period after Actual Completion.

##### **17.4 Apportionment**

The sums referred to in this paragraph 17 of this Part 12 shall be apportioned as at Actual Completion of the sale of the relevant Scottish Property. PLC or Retail (as relevant) shall be treated as entitled to all income and liable for all outgoings in respect of the whole day on which such apportionment is made. The apportionments shall be calculated on a daily basis according to the number of days elapsed and using ordinary and equitable commercial apportionment principles recognised in Scots law.

##### **17.5 Scottish Licence Fee**

Any Scottish Licence Fee paid by the Purchaser under a Scottish Licence to PLC or Retail (as relevant) in cleared funds in respect of a Scottish Property shall be allowed against any payments due from the Purchaser to PLC or Retail (as relevant) under paragraphs 17.1, 17.2 or 17.3 of this Part 12 above where such amounts relate to the same period for the relevant Scottish Property.

##### **17.6 Apportionment of sublease rental income**

- (a) The Purchaser shall on Actual Completion of the sale of the relevant Scottish Property be paid or allowed a sum representing the proportion of the Scottish Received Income attributable to the period from Actual Completion to and including the date to which the rent has been paid up to in respect of that Scottish Property.
- (b) The Purchaser shall on Actual Completion of the sale of the relevant Scottish Property pay to PLC or Retail (as relevant) an amount equal to the Other Income and PLC or Retail (as relevant) shall assign to the Purchaser all such rights as PLC or Retail (as relevant) has to recover from the relevant Subtenant the Other Income in respect of that Scottish Property.

17.7 In respect of any other income and outgoings relating to the relevant Scottish Property, such sums shall, save as provided for in the Licences, be apportioned on an equitable basis

## 18 Costs

Each party shall bear its own costs (including all professional fees) incurred in entering into and putting into effect the terms of this Part 12 save as provided in paragraphs 2.2 and 5 of this Part 12 and save that the Purchaser shall be responsible for all costs of PLC, Retail and Administrators in connection with the Formal Applications and the negotiation and granting of any Consents and in connection with completion of the assignment or transfers of any of the Scottish Properties.

## 19 Assignment

19.1 PLC or Retail (as relevant) and the Administrators will procure that the assignment for the relevant Scottish Property is validly executed by PLC or Retail (as relevant) and the Administrators within 2 Business Days of the relevant Property Completion Date and delivered to the Purchaser.

19.2 As soon as reasonably practicable after the relevant Property Completion Date, the Purchaser will intimate the assignment for the relevant Scottish Property to the relevant landlord.

19.3 In relation to any Scottish Lease, the tenant's interest in which is registered in the Land Register of Scotland:

- (a) the Purchaser is permitted to apply to the keeper of the Land Register of Scotland for an Advance Notice for each relevant assignment, in the form adjusted with the Administrators, to be entered on the application of record for the relevant Scottish Property, no earlier than five Business Days prior to the Property Completion Date; and
- (b) if the application for registration of the relevant assignment is rejected by the keeper of the Land Register of Scotland, PLC or Retail (as relevant) and the Administrators will, at the Purchaser's expense, co-operate with the Purchaser and provide such assistance as is reasonably required in relation to the re-execution of the assignment by the Administrators and PLC or Retail (as relevant).

## 20 Land and Buildings Transaction Tax ("LBTT")

20.1 PLC or Retail (as relevant) and the Administrators so far as they are aware confirm that no reliefs from stamp duty land tax or LBTT have been claimed in respect of each Scottish Lease for the Scottish Properties.

20.2 If a lease of any of the Scottish Properties have been notified for LBTT purposes:

- (a) PLC or Retail (as relevant) and the Administrators will submit an online LBTT lease review return to Revenue Scotland within five Business Days after the effective date of the relevant assignment;
- (b) PLC or Retail (as relevant) and the Administrators will make payment of the correct amount of any LBTT due to Revenue Scotland within five Business Days after the date of submission of the said LBTT lease review return;
- (c) PLC or Retail (as relevant) and the Administrators will undertake the following (without delay), if Revenue Scotland reject the LBTT lease review return before issuing an electronic submission receipt:
  - (i) PLC or Retail (as relevant) and the Administrators will provide the Purchaser with a copy of any such rejection and any other relevant correspondence; and
  - (ii) PLC or Retail (as relevant) and the Administrators will correct and resubmit the application to Revenue Scotland and make payment of the correct amount of LBTT due; and
- (d) PLC or Retail (as relevant) and the Administrators will deliver to the Purchaser's Solicitors, a copy of the electronic submission receipt within five Business Days after receiving it from Revenue Scotland and will confirm that any LBTT due has been paid.

## Section 1 Leasehold Properties Subleases

No.	Property Address	Title Number	Lease Details
1.	Pinnacle (Hop Hub 2) 6 Brittain Way, Eurocentral, Holytown, Motherwell	LAN206820	The lease between PLC and Gregory Distribution Limited dated 10 and 30 October registered in the Books of Council and Session on 13 November all dates in 2023, as subsequently varied and/or amended.

















**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Irwin D. Simon, certify that:

1. I have reviewed this Form 10-Q of Tilray Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2026

By: /s/ Irwin D. Simon

**Irwin D. Simon**  
**Chairman and Chief Executive Officer**

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Carl A. Merton, certify that:

1. I have reviewed this Form 10-Q of Tilray Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2026

By: /s/ Carl A. Merton  
**Carl A. Merton**  
**Chief Financial Officer**

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Tilray Brands, Inc. (the "Company") on Form 10-Q for the period ending February 28, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: April 1, 2026

By: /s/ Irwin D. Simon

**Irwin D. Simon**  
**Chairman and Chief Executive Officer**

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Tilray Brands, Inc. (the "Company") on Form 10-Q for the period ending February 28, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: April 1, 2026

By: /s/ Carl A. Merton

**Carl A. Merton**  
**Chief Financial Officer**