

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended **June 30, 2025**  
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: **000-56422**

**TILT Holdings Inc.**

(Exact name of registrant as specified in its charter)

**British Columbia**  
(State or other jurisdiction of incorporation or organization)

**83-2097293**  
(I.R.S. employer identification no.)

**7655 E. Redfield Road #110**  
**Scottsdale, Arizona**  
(Address of principal executive offices)

**85260**  
(Zip code)

**(480) 867-6100**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 ☐  
Non-accelerated filer ☒

Accelerated filer ☐  
Smaller reporting company ☒  
Emerging growth company ☒

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

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

As of July 31, 2025, there were 347,463,688 common shares, without par value, of TILT Holdings Inc. outstanding, excluding limited partnership units of Jimmy Jang, L.P. exchangeable for 43,821,379 common shares.

**TILT HOLDINGS INC.  
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## USE OF NAMES AND CURRENCY

In this Quarterly Report on Form 10-Q, unless the context otherwise requires, the terms “we,” “us,” “our,” “Company,” or “TILT” refer to TILT Holdings Inc. together with its wholly owned subsidiaries.

Unless otherwise indicated, all references to “\$,” “US\$,” “USD,” or “USD\$” in this Quarterly Report on Form 10-Q refer to United States dollars, and all references to “C\$,” “CAD,” or “CAD\$” refer to Canadian dollars.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

*This Quarterly Report on Form 10-Q includes “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian and United States (“U.S.”) securities laws (collectively, “forward-looking statements”). Such statements include, but are not limited to, statements with respect to expectations, projections, or other characterizations of future events or circumstances, and the Company’s objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the Company’s plans and objectives, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities. These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words “believe,” “plan,” “intend,” “estimate,” “expect,” “likely,” “potential,” “proposed,” “scheduled,” “forecast,” or “anticipate,” and similar expressions, as well as future or conditional verbs such as “will,” “should,” “would,” “may,” “might,” and “could” identify forward-looking statements.*

*Management of the Company has based the forward-looking statements on its current views with respect to future events and financial performance and has made assumptions and applied certain factors regarding, among other things: future product pricing; costs of inputs; the Company’s ability to successfully market its products to its anticipated clients; the Company’s reliance on its key personnel; certain regulatory requirements; the application of federal and state environmental laws; the impact of increasing competition; the Company’s ability to successfully execute its operating plan for the next 12 months; the Company’s ability to obtain additional financing on favorable terms; the Company’s ability to defer principal and interest payments on certain notes; the Company’s ability to successfully negotiate a mutually agreeable resolution with certain noteholders; the receipt of applicable regulatory approvals; and the regulatory environments in which the Company operates. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company’s forward-looking statements are expressly qualified in their entirety by this cautionary statement. The purpose of forward-looking statements is to provide the reader with a description of management’s expectations, and such forward-looking statements may not be appropriate for any other purpose.*

*By its nature, forward-looking information is subject to risks and uncertainties, and there are a variety of risk factors, many of which are beyond the control of the Company, and that may cause actual outcomes to differ materially from those discussed in the forward-looking statements. Such factors include, among others, the status of cannabis as a controlled substance under the U.S. Federal Controlled Substances Act; risks related to the enforcement activities by the U.S. Department of Justice; risks related to the Company’s ability to continue as a going concern; reputational risk to third parties; risks associated with banking, financial transactions and anti-money laundering laws and regulations; risks related to federal and state forfeiture laws; the risk of heightened scrutiny by regulatory authorities; risks related to the potential negative impact of regulatory scrutiny on raising capital; risks related to regulatory or political change; risks due to industry immaturity or limited comparable, competitive or established industry best practices; risks related to the uncertainty surrounding existing protection from U.S. federal prosecution relating to cannabis laws; risks related to uncertainty with respect to geo-political disruptions; risks related to regulatory changes in relation to vaporization devices and subsequent impacts to interstate commerce, registrations and revenue reporting requirements, and potential excise tax applicability; risks relating to tax status; risks associated with the Company’s business model; risks related to the Company’s dependency on skilled labor, equipment, parts, components and key inputs; risks related to the reliance on third party suppliers; risks related to adverse economic conditions, labor shortages, supply chain disruptions, inflationary pressures and increasing interest rates; risks that the Company’s actual financial position and results of operations may differ materially from the expectations of the Company’s management; risks related to the costs and obligations relating to the Company’s investment in infrastructure, growth, regulatory compliance and operations; risks related to the*

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*Company's dependency on regulatory approvals and licenses to conduct its business; risks related to the potential for changes in laws, regulations and guidelines which could adversely affect the Company's future business; risks related to a failure on the part of the Company to comply with applicable regulations; risks related to the legal, regulatory and scientific status of cannabis; risks related to the Company's ability to find suitable candidates and capital necessary to complete strategic alliances or partnerships; risks related to the Company's ability to successfully identify and execute future acquisitions or dispositions; risks related to indebtedness and the Company's ability to extend, refinance or repay such indebtedness; risks related to the Company's ability to develop its products; risks related to the Company's ability to achieve successful cultivation; risks related to adverse environmental conditions, accidents and labor disputes; risks related to the Company's ability to turn a profit or generate immediate revenues; risks related to limitations on the permissible ownership of licenses; risks related to constraints on marketing the Company's products under varying state laws; risks related to the potential results of future clinical research; risks related to the Company's ability to effectively manage its growth and operations; risks related to the regulation of medical cannabis by the U.S. Food and Drug Administration; risks related to the differing local rules and regulations and the impact this may have on the Company's ability to expand into new markets; risks related to the protection and enforcement of intellectual property rights and allegations that the Company is in violation of intellectual property rights of third parties; risks relating to access to banking; risks relating to disclosure of personal information to government or regulatory entities; risks related to the potential requirement to disclose personal identifying information to government or regulatory entities; risk that the Company may be forced to litigate or defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights; risks related to data privacy laws, rules and regulations; risks relating to fraudulent activity by employees, contractors and consultants; risks regarding the enforceability of contracts; risk of litigation generally; risks relating to increasing competition in the industry; risks relating to the Company's ability to secure adequate or reliable sources of funding; risks relating to product recalls; risks relating to reliance on technology systems that may be subject to cyber-attacks or security breaches; risks that the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest; risks that the Company's officers, directors and other parties may exert significant influence on the Company; risks relating to the Company's inability to successfully implement adequate internal controls over financial reporting; risks relating to restrictions on entry to the U.S. for the Company's Canadian individuals; risks relating to the potential that bond requirements and insurance premiums may be economically prohibitive; risks relating to global economic and political instability and conflicts; the risk that the Company's web presence's visibility is not limited by geography; risks relating to volatility in the market price of the Company's securities; risks related to price volatility of publicly traded securities; risks related to dilution of the Company's securities; risks related to the Company's securities being currently quoted on the OTCQB; and other factors beyond our control, as more particularly described under the heading "Risk Factors" in the Form 10-K for the fiscal year ended December 31, 2024 filed by the Company with the U.S. Securities and Exchange Commission (the "SEC") on April 10 2025 (the "Form 10-K") and on the System for Electronic Document Analysis and Retrieval Plus ("SEDAR+") at [www.sedarplus.com](http://www.sedarplus.com).*

*Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although we have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding our expected financial and operating performance and our plans and objectives and may not be appropriate for other purposes.*

*The forward-looking information and statements contained in this Quarterly Report on Form 10-Q represent our views and expectations as of the date of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update such forward-looking information and statements at a future time, we have no current intention of doing so except to the extent required by applicable law.*

# PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements

### TILT HOLDINGS INC. Condensed Consolidated Balance Sheets

(Amounts Expressed in Thousands of United States Dollars, Except for Share Amounts)

	June 30, 2025 (unaudited)	December 31, 2024 (audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 772	\$ 1,643
Restricted cash	1,277	1,276
Trade receivables, net	5,689	10,647
Inventories	10,895	14,468
Prepaid expenses and other current assets	1,151	1,790
Assets held for sale, current portion	10,447	11,023
<b>Total current assets</b>	<b>30,231</b>	<b>40,847</b>
<b>Non-current assets</b>		
Property, plant and equipment, net	2,892	1,012
Right-of-use assets – finance, net	3,669	204
Right-of-use assets – operating, net	11,411	11,384
Intangible assets, net	40,553	44,549
Loans receivable	830	916
Goodwill	17,721	17,721
Other assets	1,094	1,834
Assets held for sale, net of current portion	29,888	32,857
<b>TOTAL ASSETS</b>	<b>\$ 138,289</b>	<b>\$ 151,324</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 49,031	\$ 46,873
Income taxes payable	3,019	2,815
Deferred revenue	1,425	3,143
Finance lease liability, current portion	—	304
Operating lease liability, current portion	110	—
Notes payable, current portion	66,542	28,336
Liabilities held for sale, current portion	3,985	6,003
<b>Total current liabilities</b>	<b>124,112</b>	<b>87,474</b>
<b>Non-current liabilities</b>		
Finance lease liability, net of current portion	3,793	—
Operating lease liability, net of current portion	12,252	12,173
Notes payable, net of discount, net of current portion	13,522	43,751
Deferred tax liability	697	697
Other liabilities	147	345
Liabilities held for sale, net of current portion	46,188	44,086
<b>TOTAL LIABILITIES</b>	<b>200,711</b>	<b>188,526</b>
<b>Shareholders' deficit</b>		
Common shares, without par value, unlimited shares authorized, 391,285,067 and 391,231,496 issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	856,244	856,243
Additional paid-in capital	226,321	226,242
Warrants	5,106	5,106
Accumulated other comprehensive income	966	964
Accumulated deficit	(1,151,059)	(1,125,757)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	<b>(62,422)</b>	<b>(37,202)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>	<b>\$ 138,289</b>	<b>\$ 151,324</b>

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

**TILT HOLDINGS INC.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)**  
*(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Revenues, net</b>	\$ 10,486	\$ 18,979	\$ 27,417	\$ 48,910
Cost of goods sold	(8,666)	(15,393)	(22,577)	(39,902)
<b>Gross profit</b>	<b>1,820</b>	<b>3,586</b>	<b>4,840</b>	<b>9,008</b>
<b>Operating expenses:</b>				
Wages and benefits	2,384	3,169	4,837	6,173
General and administrative	2,075	2,730	4,808	5,606
Sales and marketing	34	131	70	210
Share-based compensation expense	15	23	81	130
Depreciation and amortization	2,319	3,474	4,599	6,955
Impairment loss	—	5	—	5
<b>Total operating expenses</b>	<b>6,827</b>	<b>9,532</b>	<b>14,395</b>	<b>19,079</b>
<b>Operating loss</b>	<b>(5,007)</b>	<b>(5,946)</b>	<b>(9,555)</b>	<b>(10,071)</b>
<b>Other income (expense):</b>				
Interest income	—	1	—	2
Other income	2,385	937	3,916	1,502
Unrealized loss on investment	—	—	—	(1)
Loss on foreign currency exchange	(4)	—	(3)	(4)
Gain on termination of lease	1,160	—	1,160	—
Interest expense	(7,596)	(5,377)	(13,698)	(10,052)
<b>Total other expense</b>	<b>(4,055)</b>	<b>(4,439)</b>	<b>(8,625)</b>	<b>(8,553)</b>
<b>Loss from continuing operations before income tax</b>	<b>(9,062)</b>	<b>(10,385)</b>	<b>(18,180)</b>	<b>(18,624)</b>
<b>Income taxes:</b>				
Income tax expense	(89)	(6,165)	(233)	(4,585)
<b>Net loss from continuing operations</b>	<b>(9,151)</b>	<b>(16,550)</b>	<b>(18,413)</b>	<b>(23,209)</b>
<b>Loss from discontinued operations:</b>				
Loss from discontinued operations	(2,911)	(19,397)	(6,889)	(22,389)
<b>Net loss</b>	<b>(12,062)</b>	<b>(35,947)</b>	<b>(25,302)</b>	<b>(45,598)</b>
<b>Other comprehensive loss:</b>				
Net loss	\$ (12,062)	\$ (35,947)	\$ (25,302)	\$ (45,598)
Foreign currency translation differences	2	(1)	2	(8)
<b>Comprehensive loss</b>	<b>(12,060)</b>	<b>(35,948)</b>	<b>(25,300)</b>	<b>(45,606)</b>
<b>Weighted average number of shares outstanding:</b>				
Basic and diluted	391,277,156	388,483,846	391,264,093	387,103,846
<b>Net loss per common share</b>				
Basic and diluted from continuing operations	\$ (0.02)	\$ (0.04)	\$ (0.05)	\$ (0.06)
Basic and diluted from discontinued operations	\$ 0.00	\$ (0.05)	\$ 0.00	\$ 0.00

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

**TILT HOLDINGS INC.**  
**Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit) (Unaudited)**  
*(Amounts Expressed in Thousands of United States Dollars, Except Share Amounts)*

	Common Shares		Additional		Accumulated Other		Shareholders'
	Shares	Amount	Paid-in Capital	Warrants	Comprehensive Income	Accumulated Deficit	Equity Total
<b>Balance - December 31, 2024</b>	<b>391,231,496</b>	<b>\$ 856,243</b>	<b>\$ 226,242</b>	<b>\$ 5,106</b>	<b>\$ 964</b>	<b>\$ (1,125,757)</b>	<b>\$ (37,202)</b>
Share-based compensation	—	—	63	—	—	—	63
Issuance and vesting of restricted share units	29,575	2	—	—	—	—	2
Comprehensive loss for the period	—	—	—	—	—	(13,240)	(13,240)
<b>Balance - March 31, 2025</b>	<b>391,261,071</b>	<b>\$ 856,245</b>	<b>\$ 226,305</b>	<b>\$ 5,106</b>	<b>\$ 964</b>	<b>\$ (1,138,997)</b>	<b>\$ (50,377)</b>
Share-based compensation	—	—	16	—	—	—	16
Issuance and vesting (forfeiture) of restricted share units	23,996	(1)	—	—	—	—	(1)
Comprehensive income (loss) for the period	—	—	—	—	2	(12,062)	(12,060)
<b>Balance - June 30, 2025</b>	<b>391,285,067</b>	<b>\$ 856,244</b>	<b>\$ 226,321</b>	<b>\$ 5,106</b>	<b>\$ 966</b>	<b>\$ (1,151,059)</b>	<b>\$ (62,422)</b>

	Common Shares		Additional		Accumulated Other		Shareholders'
	Shares	Amount	Paid-in Capital	Warrants	Comprehensive Income (Loss)	Accumulated Deficit	Equity Total
<b>Balance - December 31, 2023</b>	<b>384,833,546</b>	<b>\$ 856,422</b>	<b>\$ 225,250</b>	<b>\$ 5,835</b>	<b>\$ 973</b>	<b>\$ (1,026,087)</b>	<b>\$ 62,393</b>
Share-based compensation	—	—	17	—	—	—	17
Issuance and vesting of restricted share units	2,613,463	90	—	—	—	—	90
Comprehensive loss for the period	—	—	—	—	(7)	(9,651)	(9,658)
<b>Balance - March 31, 2024</b>	<b>387,447,009</b>	<b>\$ 856,512</b>	<b>\$ 225,267</b>	<b>\$ 5,835</b>	<b>\$ 966</b>	<b>\$ (1,035,738)</b>	<b>\$ 52,842</b>
Share-based compensation	—	—	3	—	—	—	3
Issuance and vesting of restricted share units	3,044,399	20	—	—	—	—	20
Comprehensive loss for the period	—	—	—	—	(1)	(35,947)	(35,948)
<b>Balance - June 30, 2024</b>	<b>390,491,408</b>	<b>\$ 856,532</b>	<b>\$ 225,270</b>	<b>\$ 5,835</b>	<b>\$ 965</b>	<b>\$ (1,071,685)</b>	<b>\$ 16,917</b>

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

**TILT HOLDINGS INC.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
*(Amounts Expressed in Thousands of United States Dollars)*

	Six Months Ended June 30,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Net loss	\$ (25,302)	\$ (45,598)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Loss on assets held for sale, net of tax	6,889	22,389
Unrealized loss on investments	—	1
Gain on lease termination and other	(1,160)	—
Depreciation and amortization	4,517	6,884
Amortization of operating lease right of use assets	1,316	1,320
Payments on operating lease liability	(1,155)	(1,138)
Change in allowance for doubtful accounts	76	12
Deferred tax	—	4,129
Share-based compensation expense	81	130
Accretion (adjustment) of debt discount	2,181	(249)
Impairment loss and loss on disposal of assets	—	5
Inventory adjustments	632	351
Non-cash interest expense	9,405	8,810
Intercompany funding	(1,924)	(2,420)
Net change in working capital items:		
Trade receivables, net	4,881	6,853
Inventories	2,940	745
Prepaid expenses and other current assets	737	920
Accounts payable and accrued liabilities	1,785	(3,518)
Income tax payable	204	361
Deferred revenue	(1,718)	(2,104)
Cash provided by (used in) operating activities - continuing operations	4,385	(2,117)
Cash (used in) provided by operating activities - discontinued operations	(280)	419
<b>Net cash provided by (used in) operating activities</b>	<b>4,105</b>	<b>(1,698)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant, and equipment	(2,119)	(77)
Repayment of loan receivable, net of advances	86	64
Cash used in investing activities - continuing operations	(2,033)	(13)
Cash used in investing activities - discontinued operations	(9)	(402)
<b>Net cash used in investing activities</b>	<b>(2,042)</b>	<b>(415)</b>
<b>Cash flows from financing activities:</b>		
Payments on financing lease liability	(258)	(274)
Repayments on Revolving Facility	(24,426)	(47,383)
Repayments on Employee Retention Credit note	(2,965)	—
Proceeds from Revolving Facility	21,606	46,430
Proceeds from 2024 Standard Farms Loan	2,819	3,000
Cash (used in) provided by financing activities - continuing operations	(3,224)	1,773
Cash used in financing activities - discontinued operations	(239)	(308)
<b>Net cash (used in) provided by financing activities</b>	<b>(3,463)</b>	<b>1,465</b>
Effect of foreign exchange on cash and cash equivalents	2	(7)
<b>Net change in cash and cash equivalents and restricted cash</b>	<b>(1,398)</b>	<b>(655)</b>
Cash and cash equivalents and restricted cash, beginning of year	4,303	3,332
<b>Cash and cash equivalents and restricted cash, end of year</b>	<b>\$ 2,905</b>	<b>\$ 2,677</b>
<b>Supplemental disclosures of non-cash investing and financing activities:</b>		
Increase to right of use assets related to SF PA Retail Facility	\$ 3,741	\$ —
Increase to finance lease liability related to SF PA Retail Facility	\$ 3,741	\$ —
Increase to right of use assets related to Jupiter New Office Lease	\$ 183	\$ —
Increase to finance lease liability related to Jupiter New Office Lease	\$ 183	\$ —
2023 Refinanced Notes paid in kind interest	\$ 22,457	\$ —
Increase in notes payable, discount related to the 2024 Standard Farms Loan	\$ 643	\$ 662
Decrease in inventory related to the 2024 Standard Farms Loan	\$ —	\$ 2,316
Increase in other assets related to the 2024 Standard Farms Loan	\$ —	\$ 1,654
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 552	\$ 698
Cash paid for income taxes	\$ 10	\$ 6

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



**TILT HOLDINGS INC.**  
**Notes to the Condensed Consolidated Financial Statements (Unaudited)**

**1. Nature and Continuance of Operations**

TILT Holdings Inc. (“TILT” or the “Company”) is a business solutions provider to the global cannabis industry offering a diverse range of value-added products and services to industry participants. Through a portfolio of companies providing technology, hardware, cultivation and production, TILT services brands and cannabis retailers in regulated markets across 40 states in the United States (“U.S.”), as well as Canada, South America, and the European Union.

TILT was incorporated under the laws of Nevada pursuant to NRS Chapter 78 on June 22, 2018. The Company was continued under the Business Corporations Act (British Columbia) pursuant to a Certificate of Continuance dated November 14, 2018. The Company is a reporting issuer in Canada in the Provinces of British Columbia, Alberta, and Ontario and its common shares are listed for trading on the Cboe Canada (formerly known as the NEO Exchange) under the symbol “TILT.” In addition, the common shares are quoted on the OTCQB in the U.S. under the symbol “TLLTF.” The Company’s head office is in Scottsdale, Arizona and its registered office is located at Suite 2400, 745 Thurlow Street, Vancouver, BC V6C 0C5 Canada.

***Liquidity and Going Concern***

The Company has experienced operating losses since its inception and may continue to incur losses in the development of its business. The Company incurred a comprehensive loss of \$25,300 during the six months ended June 30, 2025 and has an accumulated deficit of \$1,151,059 as of June 30, 2025. Additionally, as of June 30, 2025, the Company had negative working capital of \$93,881 compared to negative working capital of \$46,627 as of December 31, 2024. The decrease in working capital was primarily driven by an increase in notes payable due in the next 12 months, a decrease in trade receivables mainly due to lower revenue, and a decrease in inventories.

In 2024, the Company announced a strategic review whereby it planned to divest of its plant-touching assets. On January 28, 2025, Commonwealth Alternative Care (“CAC”), a wholly-owned subsidiary of the Company, entered into an asset purchase agreement with In Good Health, Inc. for the sale of substantially all the assets and assumption of certain liabilities of its dispensaries located in Taunton and Brockton, Massachusetts (the “Retail Disposal Group”). The purchase price for the assets is \$2,000 plus the assumption of certain liabilities, and the sale is expected to be completed within the next 12 months. During the three months ended June 30, 2025, the Company determined that the wholesale-related operations of CAC and Standard Farms Ohio, LLC (“Standard Farms OH”) (collectively, the “Wholesale Disposal Group”) met the criteria to be classified as held for sale and that the strategic shift would have a major effect on its operations and financial results. The results of the Retail Disposal Group and the Wholesale Disposal Group (collectively, the “Disposal Groups”) are presented as discontinued operations in the condensed consolidated statements of operations and comprehensive loss for all periods presented. The assets and liabilities of the discontinued operations have been reflected as assets and liabilities held for sale in the condensed consolidated balance sheets for all periods presented. See Note 4 — Assets Held for Sale and Discontinued Operations for additional information.

On May 2, 2024, Standard Farms, LLC (“Standard Farms PA”) entered into a Secured Promissory Note with a third-party experienced retailer and operator (the “Lender”) for borrowings up to \$10,500 (the “2024 Standard Farms Loan”). Proceeds from the 2024 Standard Farms Loan were to be used for the construction of dispensaries obtained via a permit issued from the Department of Health, Bureau of Medical Marijuana, of the Commonwealth of Pennsylvania (the “Commonwealth”). The Standard Farms PA permit allows the construction and operation of up to three medical marijuana dispensaries in the Commonwealth (collectively, the “Retail Locations”). The 2024 Standard Farms Loan will mature on December 31, 2027, and initially bore interest at 20%. On May 2, 2024, the Company drew \$3,000 in proceeds on the 2024 Standard Farms Loan, \$1,700 of which was allocated to a contingent interest derivative, and recognized a debt discount of \$784. Subsequent to May 2, 2024, the Company drew an additional \$3,144 in proceeds on this loan. Proceeds from the 2024 Standard Farms Loan were utilized for the initial setup and operation of the Retail Locations. On February 14, 2025 (the “Location Opening Date”), Standard Farms PA opened a Retail Location and completed its first commercial sale in the Commonwealth, triggering an automatic increase in the interest rate to 30%, derecognition of the \$1,700

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contingent interest derivative, and recognition of a debt discount for the same amount. See Note 11 — Notes Payable for additional information.

On October 3, 2024, the Company entered into a Second Amendment to its Revolving Facility (the “Revolving Facility Amendment”) through its subsidiary Jupiter Research, LLC (“Jupiter”). The Revolving Facility Amendment updated the required fixed charge coverage ratio financial covenant, the minimum monthly charge paid to the lender, and the inventory availability amount. The Revolving Facility Amendment also reduced the borrowing capacity from \$12,500 to \$6,000.

As of June 30, 2025, the Company continued to apply the default rate of 25.0% to accrue interest on the refinancing of \$38,000 of secured promissory notes issued originally under the 2019 Junior Notes NPA (the “2023 Refinanced Notes”) due to continued noncompliance with financial covenants. The 25.0% interest rate represents the prime rate of 7.5% plus 8.5%, the 8.0% default interest rate, and the 1.0% annual increase pursuant to the first amendment (the “NPA Amendment”) to its existing junior secured note purchase agreement (the “2019 Junior Notes NPA”), as the principal balance was more than \$30,000 as of February 15, 2024, which was the first anniversary of the date the Company entered into the NPA Amendment (the “Effective Date”). The private placement secured promissory notes issued pursuant to the NPA Amendment (the “2023 New Notes”) remain at the default interest rate of 24.0%.

The Company’s operating plans for the next 12 months include (i) increasing revenue growth from the sale of existing products and the introduction of new products; (ii) reducing production and operational costs as a result of efficiencies or divestitures in cannabis operations; (iii) reducing supply chain costs; (iv) reducing and delaying overhead and other certain expenditures; (v) obtaining other financings or completing other strategic transactions as necessary; and (vi) deferring principal and interest payments on the notes payable.

The Company believes that successfully implementing these operating plans will help to mitigate any substantial doubt raised by our historical operating results and satisfy our estimated liquidity needs for the 12 months following the issuance of these condensed consolidated financial statements.

However, the interest payments under the current interest rates will constrain the Company’s liquidity while they remain in effect. While, as of the date of this filing, the Company is not in compliance with certain payment obligations and covenants under the 2023 Refinanced Notes and the 2023 New Notes (collectively, the “2023 Notes”) the Note Holders have not provided the requisite notice of an event of default. The Company is currently negotiating with the Note Holders to address such non-compliance. The Company can provide no assurance that the parties will reach a mutually agreeable resolution. See Note 11 — Notes Payable for additional information.

The Company cannot predict with certainty the outcome of its actions to generate liquidity as discussed above, including the availability of additional financing as necessary, or whether such actions would generate the expected liquidity as currently planned. Therefore, management has concluded there is substantial doubt about the Company’s ability to continue as a going concern within 12 months after the date of this filing. These financial statements do not include any adjustments that might become necessary should the Company be unable to continue as a going concern.

## **2. Basis of Presentation and Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The accompanying condensed consolidated unaudited interim financial statements have been prepared in accordance with (i) United States generally accepted accounting principles (“U.S. GAAP”) for interim financial information, (ii) the instructions to Form 10-Q, and (iii) Article 10 of Regulation S-X. In the opinion of our management, our condensed consolidated unaudited financial statements and accompanying notes (the “Financial Statements”) include all normal recurring adjustments that are necessary for the fair statement of the interim periods presented. Interim results of operations are not necessarily indicative of results for the full year, or any other period. The Financial Statements should be read in conjunction with our audited consolidated financial statements (and notes thereto) in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the “Form 10-K”), as filed with the SEC on April 10, 2025 and with the relevant Canadian securities regulatory authorities under our profile on SEDAR+. Except as noted below, there have been no

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material changes to the Company's significant accounting policies and estimates during the six months ended June 30, 2025. Certain information, footnotes and disclosures normally included in the annual financial statements, prepared in accordance with U.S. GAAP, have been condensed or omitted in accordance with SEC rules and regulations.

The financial data included in the Financial Statements contain all normal and recurring adjustments necessary to state fairly the consolidated financial condition, results of operations, statements of changes in shareholders' equity (deficit), and cash flows of the Company for the six months ended June 30, 2025 and 2024. Operating results for the six months ended June 30, 2025 are not necessarily indicative of the results that may be expected for the current year ending December 31, 2025.

#### ***Assets Held for Sale and Discontinued Operations***

In accordance with Accounting Standards Codification ("ASC") Subtopic 205-20 "Discontinued Operations," a business is classified as held for sale when management having the authority to approve the action commits to a plan to sell the business, the business is available for immediate sale in its present condition and an active program to locate a buyer has been initiated. Additionally, the sale must be probable to occur during the next 12 months at a price that is reasonable in relation to its current fair value and actions required to complete the plan indicate it is unlikely significant changes to the plan will be made or the plan will be withdrawn. A business classified as held for sale is recorded at the lower of (i) its carrying amount and (ii) estimated fair value less costs to sell. When the carrying amount of the business exceeds its estimated fair value less costs to sell, a loss is recognized and updated in each reporting period as appropriate. Assets held for sale are not depreciated or amortized.

The results of operations of businesses classified as held for sale are reported as discontinued operations if the disposal represents a strategic shift that will have a major effect on the entity's operations and financial results. When a business is identified for discontinued operations reporting: (i) results for prior periods are retrospectively reclassified as discontinued operations; (ii) results of operations are reported in a single line, net of tax, in the consolidated statement of operations; and (iii) assets and liabilities are reported as held for sale in the consolidated balance sheets in the period in which the business is classified as held for sale.

In 2024, the Company announced a strategic review, whereby it planned to divest of its plant-touching assets. On January 28, 2025, the Company entered into an asset purchase agreement with In Good Health, Inc. for the sale of the Retail Disposal Group. During the three months ended June 30, 2025, the Company determined that the sale of the Wholesale Disposal Group would have a major effect on its operations and financial results. The Company concluded that the Disposal Groups met the held for sale and discontinued operations criteria during the second quarter of 2025. The Company determined the ultimate disposal will represent a strategic shift that will have a major effect on its operations and financial results. As such, the results of the Disposal Groups are presented as discontinued operations in the condensed consolidated statements of operations and comprehensive loss for all periods presented. The agreed upon sales price for the Retail Disposal Group is \$2,000 cash plus the assumption of certain liabilities. The sales price for the Wholesale Disposal Group had not been finalized as of June 30, 2025.

Prior periods have been adjusted to conform to the current presentation. The assets and liabilities of the Disposal Groups have been reflected as assets and liabilities held for sale in the condensed consolidated balance sheets for all periods presented. The net revenue and expense activities from the Disposal Groups have been reflected as the loss from discontinued operations in the condensed consolidated statement of operations and comprehensive loss. The cash flows from discontinued operations are reflected as cash flows of discontinued operations in the condensed consolidated statements of cash flows.

Unless otherwise noted, all amounts and disclosures included in these notes to condensed consolidated financial statements reflect only our continuing operations. See Note 4 — Assets Held for Sale and Discontinued Operations for additional information.

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### ***Principles of Consolidation***

The Financial Statements have been prepared in accordance with U.S. GAAP and include the accounts of the Company and its subsidiaries, as well as the accounts of any entities over which the Company has a controlling financial interest in accordance with ASC 810 Consolidation. All transactions and balances between these entities have been eliminated upon consolidation.

### ***Use of Estimates***

The preparation of these Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates.

### ***Restricted Cash***

The Company had \$1,277 and \$1,276 in restricted cash as of June 30, 2025 and December 31, 2024, respectively. Included in restricted cash was a certificate of deposit related to Jupiter customs bonds totaling \$1,255 as of both June 30, 2025 and December 31, 2024.

### ***Revenue Recognition***

#### **Concentration Risk**

Customers that account for 10% or more of the Company's net sales consist of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Customer One	21.1%	0.0%	25.7%	0.0%
Customer Two	0.0%	0.0%	0.0%	10.5%

#### **Deferred Revenue**

Contract assets represent the right to receive payment for goods and services that have been transferred to the customer, conditional upon something other than the passage of time. Deferred revenues include obligations to provide goods and services for which payment has been received. There are no contract assets on unsatisfied performance obligations as of June 30, 2025 and December 31, 2024. The consolidated balance sheets include deferred revenue of \$1,425 and \$3,143 as of June 30, 2025 and December 31, 2024, respectively, for advance consideration received from wholesale customers for the sale of vaporization and inhalation devices through Jupiter. The amount of \$2,414 included in deferred revenue as of December 31, 2024 was recognized in revenue during the six months ended June 30, 2025. The amount of \$5,679 included in deferred revenue as of December 31, 2023 was recognized in revenue during the six months ended June 30, 2024.

### ***Recently Adopted and Issued Accounting Pronouncements***

Recent accounting pronouncements, other than those below, issued by the Financial Accounting Standards Board ("FASB"), the American Institute of Certified Public Accountants, and the SEC did not or are not believed by management to have a material effect on the Company's present or future financial statements.

#### **Recently Issued Accounting Pronouncements**

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*. ASU No. 2024-03 does not change or remove existing expense disclosure requirements but requires disaggregated disclosures about

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certain expense categories and captions, including but not limited to, purchases of inventory, employee compensation, depreciation, amortization and selling expenses. This guidance will be effective for public business entities for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2024-03 on its financial statements and related disclosures.

**Recently Adopted Accounting Pronouncements**

In December 2023, the FASB issued accounting standards update (“ASU”) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU requires public companies to annually disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold, certain information about income taxes paid, and certain information disaggregated between federal, state, and/or domestic, and foreign. This guidance is effective for public business entities after December 15, 2024, with early adoption permitted. The Company adopted this standard on January 1, 2025, and there was no material impact to its current financial position or results of operations.

**3. Fair Value Measurements**

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers all related factors of the asset by market participants in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities measured at fair value on a recurring basis, including their levels in the fair value hierarchy are as follows:

	As of June 30, 2025		
	Fair value hierarchy		
Fair value of assets	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 772	\$ —	\$ —
Restricted cash	1,277	—	—
<b>Total fair value of assets</b>	<b>\$ 2,049</b>	<b>\$ —</b>	<b>\$ —</b>

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	As of December 31, 2024		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
<b>Fair value of assets</b>			
Cash and cash equivalents	\$ 1,643	\$ —	\$ —
Restricted cash	1,276	—	—
<b>Total</b>	<b>\$ 2,919</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Fair value of liabilities</b>			
Contingent interest feature derivative	—	—	(1,700)
<b>Total fair value of liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1,700)</b>

#### Contingent Interest Feature Derivative

The fair value is based on Level 3 inputs, which include the projected escalating incremental interest expense from the 2024 Standard Farms Loan. Upon the Location Opening Date on February 14, 2025, the contingent interest feature derivative balance was derecognized. The contingent interest feature derivative balance was \$1,700 as of December 31, 2024. See Note 11 — Notes Payable for additional information.

#### Financial Instruments

The carrying amount of the Company's notes payable, which are recorded at amortized cost, approximates their fair values based upon market interest rates available to the Company for debt of similar risk and maturities, a Level 3 input. See Note 11 — Notes Payable for additional information. Additionally, the carrying amount of the Company's loans receivable, net of expected credit losses, approximates their fair values. See Note 9 — Loans Receivable for additional information. There were no transfers between the levels of fair value hierarchy during each of the six months ended June 30, 2025 and 2024.

#### 4. Assets Held for Sale and Discontinued Operations

See Note 2 — Basis of Presentation and Summary of Significant Accounting Policies under the caption "Assets Held for Sale and Discontinued Operations" for details on accounting criteria for held for sale and discontinued operations treatment.

The following tables summarize the results of operations of the entities that are being reported as discontinued operations in the condensed consolidated statements of operations and comprehensive loss:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Revenues, net</b>	\$ 5,242	\$ 7,603	\$ 11,036	\$ 15,175
Cost of goods sold	(4,129)	(6,929)	(9,551)	(13,207)
<b>Gross profit</b>	<b>1,113</b>	<b>674</b>	<b>1,485</b>	<b>1,968</b>
<b>Operating expenses:</b>				
Wages and benefits	1,083	1,468	2,502	2,961
General and administrative	497	594	1,109	1,200
Sales and marketing	15	57	36	119
Depreciation and amortization	237	387	578	773
Impairment loss	—	15,723	—	15,734
<b>Total operating expenses</b>	<b>1,832</b>	<b>18,229</b>	<b>4,225</b>	<b>20,787</b>
<b>Operating loss</b>	<b>(719)</b>	<b>(17,555)</b>	<b>(2,740)</b>	<b>(18,819)</b>

All dollar amounts expressed in thousands, except per share amounts

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Other income (expense):</b>				
Interest income	—	—	—	1
Other income	81	249	81	390
Gain (loss) on foreign currency exchange	—	—	—	—
Interest expense	(1,821)	(1,415)	(3,282)	(2,783)
Corporate cost allocation	(452)	(676)	(948)	(1,178)
<b>Total other expense</b>	<b>(2,192)</b>	<b>(1,842)</b>	<b>(4,149)</b>	<b>(3,570)</b>
<b>Loss from discontinued operations</b>	<b>\$ (2,911)</b>	<b>\$ (19,397)</b>	<b>\$ (6,889)</b>	<b>\$ (22,389)</b>

Depreciation expense related to discontinued operations was \$2,048 and \$2,891 for the six months ended June 30, 2025 and 2024, respectively. Upon meeting the held for sale criteria, the Company ceased depreciating and amortizing its long-lived assets for the Disposal Groups, which primarily includes right-of-use assets and property, plant, and equipment.

Capital expenditures related to discontinued operations were \$9 and \$402 for the six months ended June 30, 2025 and 2024, respectively.

The following tables summarize the assets and liabilities classified as discontinued operations in the condensed consolidated balance sheets:

	June 30, 2025	December 31, 2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 832	\$ 1,360
Restricted cash	24	24
Trade receivables, net	2,206	1,257
Inventories	7,171	8,037
Prepaid expenses and other current assets	214	345
<b>Assets held for sale, current portion</b>	<b>10,447</b>	<b>11,023</b>
<b>Non-current assets</b>		
Property, plant and equipment, net	27,682	29,721
Right-of-use assets – finance, net	577	1,255
Right-of-use assets – operating, net	496	557
Other assets	1,133	1,324
<b>Assets held for sale, net of current portion</b>	<b>\$ 29,888</b>	<b>\$ 32,857</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	3,624	5,022
Finance lease liability, current portion	213	842
Operating lease liability, current portion	148	139
<b>Liabilities held for sale, current portion</b>	<b>3,985</b>	<b>6,003</b>
<b>Non-current liabilities</b>		
Finance lease liability, net of current portion	524	2,022
Operating lease liability, net of current portion	425	502
Massachusetts lease liability	45,239	41,556
Other liabilities	—	6
<b>Liabilities held for sale, net of current portion</b>	<b>\$ 46,188</b>	<b>\$ 44,086</b>

Assets and liabilities classified as held for sale are required to be recorded at the lower of carrying value or fair value less costs to sell. As of June 30, 2025, we determined that the fair value of the Disposal Groups, less costs to sell, was not less than their carrying value. The fair value of the Disposal Groups was estimated using the expected sale price as negotiated with the third-party buyers.

All dollar amounts expressed in thousands, except per share amounts

## 5. Inventories

The Company's inventories consisted of the following:

	June 30, 2025	December 31, 2024
Raw Material - cannabis plants	\$ 845	\$ 894
Raw Material - other materials	274	264
Work in progress	5,777	6,273
Finished goods	3,568	6,631
Supplies and accessories	431	406
<b>Total Inventories</b>	<b>\$ 10,895</b>	<b>\$ 14,468</b>

During the three months ended June 30, 2025 and 2024, the Company recorded total inventory adjustments of \$52 and \$233, respectively. During the six months ended June 30, 2025 and 2024, the Company recorded total inventory adjustments of \$632 and \$351, respectively. These amounts are included in cost of goods sold on the condensed consolidated statements of operations and comprehensive loss.

## 6. Property, Plant and Equipment

The Company's property, plant and equipment consisted of the following:

	June 30, 2025	December 31, 2024
Machinery & equipment	\$ 2,237	\$ 1,951
Furniture & fixtures	583	696
Leasehold improvements	2,698	2,124
Construction in progress	157	440
Autos & trucks	96	96
Total cost	5,771	5,307
Less: Accumulated depreciation	(2,879)	(4,295)
<b>Total property, plant and equipment, net</b>	<b>\$ 2,892</b>	<b>\$ 1,012</b>

During the three months ended June 30, 2025 and 2024, the Company recognized depreciation expense of \$127 and \$99, respectively. During the six months ended June 30, 2025 and 2024, the Company recognized depreciation expense of \$239 and \$203, respectively. Depreciation expense is included in cost of goods sold and depreciation and amortization in the condensed consolidated statements of operations and comprehensive loss.

## 7. Investments

During the six months ended June 30, 2024, the Company recorded an unrealized loss of \$1 from its investment in Akerna, bringing the balance of the investment to zero. This loss is included in unrealized loss on investment in the condensed consolidated statements of operations and comprehensive loss, and the balance of the Akerna investment was zero as of both June 30, 2025 and December 31, 2024.

All dollar amounts expressed in thousands, except per share amounts



## 8. Intangible Assets

Intangible asset balances consisted of the following:

Intangible assets, net	December 31, 2024	Additions	Amortization Expense	Impairment	June 30, 2025
Customer relationships	\$ 27,713	\$ —	\$ (2,106)	\$ —	\$ 25,607
Trademarks	6,775	—	(906)	—	5,869
License rights <sup>(1)</sup>	2,253	—	(9)	—	2,244
Patents & technologies	7,804	—	(975)	—	6,829
Backlog and non-competition agreements	4	—	—	—	4
<b>Total intangible assets, net</b>	<b>\$ 44,549</b>	<b>\$ —</b>	<b>\$ (3,996)</b>	<b>\$ —</b>	<b>\$ 40,553</b>

  

Intangible assets, net	December 31, 2023	Additions	Amortization Expense	Impairment	June 30, 2024
Customer relationships	\$ 51,812	\$ —	\$ (3,349)	\$ —	\$ 48,463
Trademarks	14,264	—	(1,473)	—	12,791
License rights <sup>(1)</sup>	2,271	—	(9)	—	2,262
Patents & technologies	16,450	—	(1,645)	—	14,805
Backlog and non-competition agreements	4	—	—	—	4
<b>Total intangible assets, net</b>	<b>\$ 84,801</b>	<b>\$ —</b>	<b>\$ (6,476)</b>	<b>\$ —</b>	<b>\$ 78,325</b>

(1) License rights primarily consists of indefinite-lived intangible assets, which pertain to licenses for cultivation and processing.

As of both June 30, 2025 and December 31, 2024, the total historical cost of intangible assets was \$159,967 and the total cost of intangible assets net of impairment was \$132,668, which is included in intangible assets, net in the condensed consolidated balance sheets. Amortization expense for the three months ended June 30, 2025 and 2024 was \$1,998 and \$3,238, respectively. Amortization expense for the six months ended June 30, 2025 and 2024 was \$3,996 and \$6,476, respectively. This amortization expense is included in depreciation and amortization in the condensed consolidated statements of operations and comprehensive loss.

The following table outlines the estimated future annual amortization expense for intangible assets as of June 30, 2025:

Years ended December 31,	Estimated amortization
Remainder of 2025	\$ 3,996
2026	7,836
2027	7,836
2028	7,818
2029	3,622
Thereafter	7,245
	<b>\$ 38,353</b>

All dollar amounts expressed in thousands, except per share amounts

## 9. Loans Receivable

A breakdown of the loans receivable balances are as follows:

Loans receivable	June 30, 2025	December 31, 2024
Teneo Fund SPVi LLC Note	\$ 5,386	\$ 5,472
Less allowance for expected credit losses	(4,556)	(4,556)
<b>Loans receivable</b>	<b>\$ 830</b>	<b>\$ 916</b>

### Impairment

At each reporting date, the Company assesses whether loans receivable are credit impaired by applying the guidance in ASC 326. A financial asset is considered “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit impairment is based on observable data such as significant financial difficulty of the debtor and a breach of contract such as a default or being past due. During the three and six months ended June 30, 2025, the Company did not record additional allowance for expected credit losses related to its remaining loans receivable.

Current expected credit loss (“CECL”) reserves are measured by the Company on a probability-weighted basis based on historical experience, current conditions, and reasonable and supportable forecasts. Our assessment includes a variety of factors, including underlying credit, relative maturity dates of the loans, economic considerations, as well as ongoing legal and other regulatory developments in the industry. The process includes consideration for the assumed recovery rate from underlying collateral, with adjustments for time value of money and estimated costs for obtaining and selling the collateral. Given the repayment profile and underlying terms of such loans, CECL reserves are generally estimated over the contractual term of the loan.

The following tables present an analysis of the credit quality of loans receivable, together with impairment losses recognized based on lifetime CECL reserves:

Nature of collateral	As of June 30, 2025		
	Gross amounts	Loan losses	Net
Security interest in assets of counterparty	\$ 5,386	\$ (4,556)	\$ 830
<b>Net loans receivable</b>	<b>\$ 5,386</b>	<b>\$ (4,556)</b>	<b>\$ 830</b>

  

Nature of collateral	As of December 31, 2024		
	Gross amounts	Loan losses	Net
Security interest in assets of counterparty	\$ 5,472	\$ (4,556)	\$ 916
<b>Net loans receivable</b>	<b>\$ 5,472</b>	<b>\$ (4,556)</b>	<b>\$ 916</b>

## 10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

Accounts payable and accrued liabilities	June 30, 2025	December 31, 2024
Accounts payable	\$ 48,307	\$ 45,731
Accrued payroll	704	1,103
Other current payables/liabilities <sup>(1)</sup>	20	39
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 49,031</b>	<b>\$ 46,873</b>

(1) Includes accrued freight, health and benefit plan payable, and sales tax payable.

All dollar amounts expressed in thousands, except per share amounts

### Supplier Guaranty

On January 28, 2024, the Company and its subsidiaries JJ LP, Baker, CAC, Jimmy Jang Holdings, Inc. (“JJH”), JJ Blocker Co. (“JJB”), SFNY, Sea Hunter Therapeutics, LLC (“SEA”), Standard Farms Ohio, Standard Farms PA, SH Finance Company, LLC (“SF Finance”), and Jupiter (collectively with the Company, JJ LP, Baker, CAC, JJH, JJB, SFNY, SEA, Standard Farms OH, Standard Farms PA, SF Finance, the “Guarantors”) and Shenzhen Smoore Technology Limited (“Smoore Technology”) and each of its affiliates that sells products to Jupiter and the Company (the “Buyers”) from time to time (collectively, the “Secured Party”) entered into: (i) a Debt and Security Agreement in favor of the Secured Party (the “Debt and Security Agreement”); (ii) a Guaranty in favor of the Secured Party (the “Guaranty”); (iii) a Side Letter (the “Side Letter”); (iv) a Trademark Security Agreement in favor of the Secured Party; and (v) an Equity Pledge Agreement in favor of the Secured Party (collectively, the “Smoore Agreements”).

The Guarantors entered into the Smoore Agreements with the Secured Party, its principal supplier of vaping product inventory (“Inventory”) to Jupiter, to provide for the payment of currently existing accounts payable by the Guarantors to the Secured Party (“Accounts”), reduction in the outstanding balance of Accounts from time to time in the future, and the continued shipping of Inventory to Jupiter by the Secured Party. The Guarantors pledged and granted to the Secured Party a first priority lien and security interest in all of the assets of the Guarantors, including a pledge of all equity interests in all direct and indirect subsidiaries of the Company.

On July 19, 2024, the Guarantors entered into an amended side letter (the “Amended Side Letter”) with the Secured Party. Under the Amended Side Letter, the Guarantors agree to reduce the outstanding balance of all Accounts to \$31,000 as of September 29, 2024; \$29,000, as of December 30, 2024; \$27,000, as of March 29, 2025; \$25,000, as of June 29, 2025; and \$15,000, as of June 30, 2025 (the “Reduction Plan”). The amounts owed accrue interest at rates ranging from 5.0% to 10.0%, dependent upon the date of the invoices, how long such invoices have remained outstanding, and other criteria. The Company incurred related interest expense of \$682 and \$1,421 for the three and six months ended June 30, 2025, with accrued unpaid interest of \$1,877 at June 30, 2025, which is included in accounts payable and accrued liabilities on the condensed consolidated balance sheets. The amounts due under the Smoore Agreements are included in accounts payable and accrued liabilities on the condensed consolidated balance sheets.

## 11. Notes Payable

Notes payable and debt issuance costs are as follows:

Notes Payable	June 30, 2025	December 31, 2024
Revolving Facility – Interest rate of 10.5% as of June 30, 2025, due on July 21, 2025 <sup>(1)</sup>	\$ 1,587	\$ 4,406
2023 Refinanced Notes – Interest rate of 25.0% per annum as of June 30, 2025, due on February 15, 2026 <sup>(2)</sup>	60,457	53,185
2023 New Notes – Interest rate of 24.0% per annum as of June 30, 2025, due on February 15, 2027 <sup>(2)</sup>	14,713	13,057
Employee Retention Credit note and other loans and borrowings	632	3,594
2024 Standard Farms Loan	10,468	2,101
2024 Standard Farms Loan, Derivative Features	—	1,700
Total debt	87,857	78,043
Less: Debt discount and debt issuance costs	(7,793)	(5,956)
Less: Current portion of notes payable	(66,542)	(28,336)
<b>Total debt, net of discount, net of current portion</b>	<b>\$ 13,522</b>	<b>\$ 43,751</b>

(1) The Revolving Facility initially matured on July 21, 2024 and automatically renewed on July 21, 2024 for a one-year term to an updated maturity date of July 21, 2025. The Revolving Facility will continue to renew for successive one-year terms unless terminated by the Company or the lender.

(2) The interest rates of 25.0% and 24.0% are the default interest rates in effect.

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### Revolving Facility

During the six months ended June 30, 2025, the Company drew proceeds of \$21,606 and made principal and interest payments of \$24,735 on its Revolving Facility. On October 3, 2024, the Company entered into an amendment with the lender through its subsidiary Jupiter to amend certain terms in the debt agreement, which included reducing the borrowing capacity of the Revolving Facility from \$12,500 to \$6,000.

The Company paid \$39 and \$101 for lender fees during the three months ended June 30, 2025 and 2024, respectively. The Company paid \$80 and \$174 for lender fees during the six months ended June 30, 2025 and 2024, respectively.

### 2023 Refinanced Notes

The 2023 Refinanced Notes include the remaining \$38,000 in aggregate principal from the 2019 Junior Notes. The 2023 Refinanced Notes mature on February 15, 2026, and bear interest at the greater of 16% or the prime rate plus 8.5% payable monthly. The interest rate is subject to an increase by 1% annually if the aggregate principal amount outstanding under the 2023 Refinanced Notes is greater than \$30,000 on the first anniversary or greater than \$22,000 on the second anniversary of the Effective Date. On February 15, 2024, the base interest rate increased from 17.0% to 18.0%, as the aggregate principal amount was greater than \$30,000 on that date. As of June 30, 2025, the Company used a default rate of 25.0% to accrue interest on the 2023 Refinanced Notes due to this noncompliance. The 25.0% interest rate represents the prime rate of 7.5% plus 8.5%, the 8% default interest rate, and the 1% annual increase pursuant to the NPA Amendment, as the principal balance was more than \$30,000 as of the first anniversary of the Effective Date. During the six months ended June 30, 2025, compounded interest of \$7,272 was added to the principal balance and no principal payments were made.

As part of the 2023 Refinanced Notes, the Company recognized a debt discount of \$7,106. This amount included \$5,106 related to the fair value of warrants issued to each Note Holder (the “Debt Modification Warrants”), and \$2,000 in fees owed to the Note Holders. During the three months ended June 30, 2025 and 2024, the Company recorded amortization expense of \$1,000 and an amortization adjustment of \$250, respectively. During the six months ended June 30, 2025 and 2024, the Company recorded amortization expense of \$1,898 and \$284, respectively. These amortization amounts are included in interest expense on the condensed consolidated statements of operations and comprehensive loss. The balance net of amortization was \$3,417 as of June 30, 2025.

### 2023 New Notes

The 2023 New Notes issued included aggregate principal of \$8,260 due to the Note Holders, with a maturity date of February 15, 2027. The 2023 New Notes bear interest at the greater of 16% or the prime rate plus 8.5% payable quarterly. During the six months ended June 30, 2025 and 2024, compounded interest of \$1,657 and \$1,355 was added to the principal balance, respectively, and no principal payments were made.

### Employee Retention Credit Note

During August 2023, the Company filed a claim with the Internal Revenue Service (“IRS”) for employee retention credits (“ERC”) totaling \$3,615. To accelerate access to the ERC funds, the Company signed an agreement with 1861 Acquisition LLC (“1861 Acquisition”). 1861 Acquisition advanced cash of \$3,594 to the Company, which included \$619 for fees charged by 1861 Acquisition. The Company expected the IRS to approve or deny its claim within the next 12 months. During the six months ended June 30, 2025, the Company received approval and refunds from the IRS in the amount of \$3,493. Of this amount, \$528 represented accumulated interest and was passed through to 1861 Acquisition. The remaining \$2,965 settled a portion of the ERC note and is included in other income on the condensed consolidated statements of operations and comprehensive loss. Upon approval and payment of the remaining claim, the Company will settle the outstanding balance in cash to 1861 Acquisition. In the event the claim is denied in part or in total, the Company is required to pay the outstanding balance upon the denial.

All dollar amounts expressed in thousands, except per share amounts

2024 Standard Farms Loan

On May 2, 2024, Standard Farms PA entered into a Secured Promissory Note with a third party experienced retailer and operator (the “Lender”) (the “2024 Standard Farms Loan”). Under the terms of the 2024 Standard Farms Loan, Standard Farms PA can borrow up to \$10,500 from the Lender. Proceeds from the 2024 Standard Farms Loan will be used to construct dispensaries obtained via a permit issued from the Department of Health, Bureau of Medical Marijuana, of the Commonwealth of Pennsylvania (the “Commonwealth”). The Standard Farms PA permit will allow the construction and operation of up to three medical marijuana dispensaries in the Commonwealth (collectively, the “Retail Locations”). Proceeds from the 2024 Standard Farms Loan will also be utilized for the initial setup and operation of the Retail Locations.

The 2024 Standard Farms Loan will mature on December 31, 2027, and will initially bear interest at 20%. No principal or interest payments will be due under the 2024 Standard Farms Loan before the maturity date, and the 2024 Standard Farms Loan may not be prepaid in cash or kind without the Lender’s prior written consent.

On May 2, 2024, the Company drew \$3,000 on the 2024 Standard Farms Loan and recognized a debt discount of \$784. Of this amount, \$662 was related to lender fees, and \$122 represents above market interest, which is the difference between the market interest rate and the stated interest rate. The \$3,000 cash receipt was allocated first to the fair value of a bifurcated embedded derivative at \$1,700, with the remainder allocated to the note balance. The embedded derivative comprises a contingent interest feature. The contingent interest feature applies an escalating interest rate to the 2024 Standard Farms Loan outstanding balance upon Standard Farms PA opening a Retail Location and completing the first commercial sale in the Commonwealth (“Location Opening Date”). At that time, the interest rate will increase to 30%, and then to 40% six months after the Location Opening Date that applies through maturity.

The Retail Location opened on February 14, 2025, which resolved the contingent interest feature and resulted in the derecognition of the embedded derivative. During the six months ended June 30, 2025, the Company drew an additional \$2,819 on the 2024 Standard Farms Loan for buildout of the Retail Locations and recognized an additional debt discount of \$2,392. Of this amount, \$642 was related to lender fees, and \$1,750 represents above market interest. For the three and six months ended June 30, 2025 amortization expense related to the total debt discount was \$198 and \$317, respectively, which is included in interest expense on the condensed consolidated statements of operations and comprehensive loss. The balance net of amortization was \$4,376 as of June 30, 2025.

The Company can request the remaining \$5,500 in two separate tranches based on achieving certain criteria set forth in the 2024 Standard Farms Loan agreement.

Because the capital is to fund the construction and operation of the new dispensaries, the 2024 Standard Farms Loan is secured by a first priority security interest in the retail assets of Standard Farms PA (the “Borrower Collateral”), and a second priority security interest in the equity interests of Standard Farms PA that are held by the Company’s subsidiary Baker (the “Baker Collateral”). Also on May 2, 2024, the Lender entered into a Consent, Collateral Release and Subordination Agreement (the “Subordination Agreement”) with the Company’s existing creditors to subordinate the Lender’s interest in the Baker Collateral and release the existing creditors’ interest in the Borrower Collateral. The Lender’s security interest is further described in a Security Agreement, dated May 2, 2024, by and among Standard Farms PA, the Lender and Baker Technologies, Inc. (the “Security Agreement” and, collectively with the Note and the Subordination Agreement, the “Dispensary Agreements”).

The 2024 Standard Farms Loan and the Security Agreement include usual and customary loan provisions including: affirmative and negative covenants, events of default, representations and warranties. In the case of an event of default under the 2024 Standard Farms Loan, Standard Farms PA may become obligated to pay a multiplied balance of up to four times the then-outstanding obligations under the 2024 Standard Farms Loan, all obligations under the 2024 Standard Farms Loan may be accelerated and all remedies may be exercised by Lender. All obligations under the 2024 Standard Farms Loan are guaranteed by the Company, which guarantee shall terminate if and when a first priority security interest in the properly held retail assets of a wholly-owned subsidiary of Standard Farms PA is activated. In order to provide collateral free from prior liens, under the terms of the loan documents, Lender will have a first-priority security interest in the equity interests of any such wholly-owned subsidiary that may be held by Standard Farms PA.

All dollar amounts expressed in thousands, except per share amounts

Future principal payments due and interest accrued as of June 30, 2025 were as follows:

<b>Year ended December 31,</b>	<b>Amount</b>
Remainder of 2025	\$ 632
2026	39,587
2027	14,404
Total principal payments	54,623
Add: Accrued interest	33,234
<b>Total</b>	<b>\$ 87,857</b>

## 12. Leases

The following table provides the components of lease cost recognized in the condensed consolidated statements of operations and comprehensive loss:

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Operating lease cost	\$ 663	\$ 660	\$ 1,316	\$ 1,319
Finance lease cost:				
Amortization of lease assets	149	102	282	204
Interest on lease liabilities	144	13	244	28
Finance lease costs	293	115	526	232
Total lease cost	<b>\$ 956</b>	<b>\$ 775</b>	<b>\$ 1,842</b>	<b>\$ 1,551</b>

The following table provides the weighted average discount rates and weighted average remaining lease terms for the Company's leases:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Operating leases</b>		
Weighted average discount rate	19.3%	19.3%
Weighted average remaining lease term	12.51 years	13.17 years
<b>Finance leases</b>		
Weighted average discount rate	15.3%	8.0%
Weighted average remaining lease term	19.67 years	0.50 years

On February 15, 2023, the Company completed the sale and leaseback of its facility in White Haven, Pennsylvania (the "White Haven Facility") to the buyer (the "Pennsylvania Transaction") for \$15,000 with net proceeds used towards repayment of debt and working capital. The lease is for an initial term of 15 years with two five-year options to extend. Rent under the lease will be payable monthly at a rate of \$188 per month. Rent increases 2.5% on the second annual anniversary of the lease commencement date and then annually throughout the initial lease term.

The Company determined that control of the White Haven Facility transferred to the buyer, resulting in a sale of the White Haven Facility. The Company received cash proceeds of \$15,000 and recognized a right-of-use ("ROU") asset of \$11,974 and an operating lease liability of \$11,880 upon closing the transaction. The effective interest rate on the operating lease liability is 19.33%. The Company recorded a gain on the sale leaseback of \$8,401, which is included in gain on sale of assets on the condensed consolidated statements of operations and comprehensive loss. As of June 30, 2025, the balance of the operating lease liability associated with this transaction was \$12,187.

All dollar amounts expressed in thousands, except per share amounts

Future minimum lease payments under the Company's non-cancellable leases as of June 30, 2025 are as follows:

<b>Year ended December 31,</b>	<b>Finance</b>	<b>Operating</b>
Remainder of 2025	\$ 255	\$ 1,209
2026	524	2,472
2027	539	2,435
2028	556	2,476
2029	572	2,538
2030 and thereafter	11,114	23,113
Total undiscounted lease liabilities	13,560	34,243
Interest or discount on lease liabilities	(9,767)	(21,881)
Total present value of minimum lease payments	3,793	12,362
Lease liability - current portion	—	(110)
Lease liability	<u>\$ 3,793</u>	<u>\$ 12,252</u>

### 13. Shareholders' Equity (Deficit)

#### *LP Units of JJ LP*

The limited partnership units ("LP Units") of JJ LP, a subsidiary of the Company, are exchangeable for one common share at any time per request of the owner of the LP Units and are not saleable or transferable without the Company's authorization. During each of the six months ended June 30, 2025 and 2024, there were no LP Units of JJ LP converted to common shares. As of each of June 30, 2025 and December 31, 2024, 43,821,379 LP Units of JJ LP were issued and outstanding.

#### *Warrants*

In connection with the NPA Amendment, the Company issued 91,999,901 Debt Modification Warrants. Each Debt Modification Warrant is exercisable at any time prior to its expiration for one common share of the Company at an exercise price of \$0.07084 per common share. The Debt Modification Warrants expire on February 15, 2030 and contain customary anti-dilution adjustment provisions.

The fair value of the Debt Modification Warrants upon issuance was determined using the Black-Scholes option pricing model with the following assumptions:

Exercise price	\$ 0.07084
Expected dividend yield	0%
Risk-free interest rate	3.94%
Expected life in years	7.0 years
Expected volatility	84.00%

The following table summarizes the warrants that remain outstanding as of June 30, 2025:

<b>Security issued</b>	<b>Exercise Price (CAD\$)</b>	<b>Number of Warrants</b>	<b>Expiration Date</b>
Debt modification warrants	0.09	91,999,901	February 15, 2030
		<u>91,999,901</u>	

There was no warrant activity during the six months ended June 30, 2025.

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### Share-based Compensation

Under the Amended and Restated 2018 Stock and Incentive Plan (the “2018 Plan”), the Company has reserved 60,000,000 common shares to be issued as awards to employees, management, directors and consultants of the Company, as designated by the Company’s board of directors (the “Board”) or the compensation committee of the Board. “Award” is defined in the 2018 Plan to include options, stock appreciation rights, restricted stocks, restricted stock units, performance stock units, dividend equivalents and stock-based awards. As of June 30, 2025, 16,728,529 common shares are available for issuance under the 2018 Plan.

#### Restricted Stock Units (“RSUs”)

A summary of the status of the RSUs outstanding is as follows:

RSUs	Number of RSUs	Weighted Average Grant Date Fair Value
<b>Unvested as of December 31, 2024</b>	<b>715,252</b>	<b>\$ 0.03</b>
Vested	(68,683)	0.03
Forfeited	(148,349)	0.03
<b>Unvested as of June 30, 2025</b>	<b>498,220</b>	<b>\$ 0.03</b>

During the three months ended June 30, 2025 and 2024, the Company recorded \$1 of share-based compensation benefit and \$23 of share-based compensation expense, respectively, relating to RSUs. During the six months ended June 30, 2025 and 2024, the Company recorded \$1 and \$71 of share-based compensation expense, respectively.

As of June 30, 2025, there was \$4 of remaining RSU expense to be recognized over the weighted average remaining period of 0.94 years.

#### Share Options

A summary of the status of the share options outstanding is as follows:

Share options	Share Options Common Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (yrs)
<b>Balance as of December 31, 2024</b>	<b>26,693,855</b>	<b>\$ 0.12</b>	<b>8.78</b>
Forfeited	(243,281)	0.43	—
<b>Balance as of June 30, 2025</b>	<b>26,450,574</b>	<b>\$ 0.12</b>	<b>8.31</b>

For the three months ended June 30, 2025 and 2024, the Company recorded share-based compensation expense of \$16 and \$3, respectively, related to these options. For the six months ended June 30, 2025 and 2024, the Company recorded share-based compensation expense of \$79 and \$20, respectively, related to these options.

On September 29, 2024, the Company entered into an independent director compensation agreement that approved the issuance of 27,878,788 options to four members of the Board, with each member granted 6,969,697 share options. These options were issued at a weighted-average grant date fair value of \$0.0143. Share-based compensation expense of \$21 and \$84 was recognized related to these options during the three and six months ended June 30, 2025, respectively. As of June 30, 2025, 20,909,091 options vested, with each Board member receiving 6,969,697 options. Additionally, one of the grantees departed the Board, resulting in forfeiture of 5,227,273 options. As of June 30, 2025, all options had vested or been forfeited and there is no remaining expense to be recognized.

All dollar amounts expressed in thousands, except per share amounts



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The following table summarizes the share options that remain outstanding as of June 30, 2025:

Security issuable	Number of Share Options	Exercise Price	Expiration Date	Options Exercisable
Legacy employees	190,000	\$ 1.58-1.58	June 28, 2028	190,000
2020 employee grant	3,666,066	\$ 0.30-0.48	June 25, 2030 - December 1, 2030	3,636,083
Other employee grants	22,594,508	\$ 0.02-3.96	February 14, 2029 - September 29, 2034	22,594,508
<b>Total</b>	<b>26,450,574</b>			<b>26,420,591</b>

Performance Stock Units (“PSUs”)

During the six months ended June 30, 2025, 700,000 PSUs were forfeited, and there were no PSUs outstanding as of June 30, 2025.

As there was no PSU activity during the six months ended June 30, 2025, no share-based compensation expense was recognized for this period. During the three and six months ended June 30, 2024, the Company recorded share-base compensation benefit of \$3 and share-based compensation expense of \$39 relating to PSUs.

On September 26, 2023, the Company entered into an employment agreement with Tim Conder, the Company’s Chief Executive Officer (“CEO”) (the “CEO Agreement”) pursuant to which Mr. Conder serves as the CEO of the Company. Under the terms of the CEO Agreement, Mr. Conder received an equity grant of 2,000,000 PSUs under the 2018 Plan of which up to 1,000,000 PSUs would vest upon the Board’s approval of whether metrics set forth in the CEO Agreement had been achieved as of December 31, 2023. On April 19, 2024, the Board determined that two-thirds of the metrics set forth in the CEO Agreement had been achieved as of December 31, 2023 and Mr. Conder is entitled to 666,666 PSUs. On April 19, 2024, the Company also entered into a side letter with Mr. Conder pursuant to which Mr. Conder agreed that the 666,666 PSUs would vest on June 30, 2024. These PSUs vested per the side letter on June 30, 2024. The remaining 700,000 options were forfeited during the six months ended June 30, 2025.

As of June 30, 2025, all PSU awards granted containing market conditions have expired and there is no remaining expense to be recognized.

**14. Loss Per Share**

The following is a calculation of basic and diluted loss per share for the three and six months ended June 30, 2025 and 2024:

Loss per share	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss from continuing operations	\$ (9,151)	\$ (16,550)	\$ (18,413)	\$ (23,209)
Weighted-average number of shares and units outstanding - basic and diluted	391,277,156	388,483,846	391,264,093	387,103,846
<b>Loss per share - basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.04)</b>	<b>\$ (0.05)</b>	<b>\$ (0.06)</b>

All dollar amounts expressed in thousands, except per share amounts

Diluted loss per share for each of the three and six months ended June 30, 2025 and 2024 is the same as basic loss per share as the issuance of shares on exercise of warrants and share options is anti-dilutive.

## 15. Income Taxes

The following table summarizes the Company's income tax expense and effective tax rates for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Loss before income taxes	\$ (9,062)	\$ (10,385)	\$ (18,180)	\$ (18,624)
Income tax expense	(89)	(6,165)	(233)	(4,585)
Effective tax rate	(1%)	(59%)	(1%)	(25%)

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*, under which deferred tax assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between financial statement carrying values of assets and liabilities and the respective tax bases.

Deferred taxes are provided using an asset and liability method whereby deferred tax assets and liabilities are recognized based on the rates enacted for the period they are expected to reverse. Temporary differences are the differences between financial statements carrying values of assets and liabilities and the respective tax bases. The effect on deferred tax assets and liabilities of a change in tax law or tax rates is recognized in income in the period that enactment occurs.

The Company's U.S. income tax attributes are potentially subject to annual limitations resulting from equity shifts that constitute an ownership change as defined by Internal Revenue Code ("IRC") Section 382. Any potential annual limitations resulting from an equity shift that constitutes an ownership change under IRC Section 382 could result in additional limitation of the realization of U.S. federal, state and local income tax attributes. The Company is not utilizing any net operating loss carryforwards that would be subject to IRC Section 382, and the Company will perform an analysis as necessary.

The Company has recorded uncertain tax liabilities related to the positions taken and expected to be taken on the company's federal income tax returns for the periods ending December 31, 2024 and 2023. The Company has received legal opinions and analysis related to these positions. The balance of the uncertain tax liabilities as of June 30, 2025 and December 31, 2024 is \$1,875 and \$1,219, respectively. For the three months ended June 30, 2025 and 2024, the Company reflected uncertain tax positions tax expense of approximately \$89 and \$0, respectively, related to a potential liability under Section 280E of the IRC. For the six months ended June 30, 2025 and 2024, the Company reflected uncertain tax positions tax expense of approximately \$656 and \$0, respectively, related to a potential liability under Section 280E of the IRC.

## 16. Related Party Transactions

On February 15, 2023, the Company refinanced a payable due to Mark Scatterday, a former director of the Company, through an affiliated entity, Mak One LLP ("Mak One") as part of its 2023 Refinanced Notes. As of June 30, 2025, the balance of the payable was \$29,926, which is included in notes payable in the condensed consolidated balance sheet as of June 30, 2025. The payable bears interest at 25.0% as of June 30, 2025 and is due on February 15, 2026. The portion of the old note included in accounts payable and accrued liabilities was reclassified as part of the 2023 New Notes entered into on February 15, 2023 and is now included in notes payable with a balance of \$7,283 on the condensed consolidated balance sheet as of June 30, 2025. This payable bears interest at 24.0% as of June 30, 2025 and is due on February 15, 2027. As of June 30, 2025, the Company had paid \$2,604 and zero in interest to Mak One on the 2023 Refinanced Notes and the 2023 New Notes, respectively.

See Note 11 — Notes Payable for additional information regarding the 2023 Refinanced Notes and 2023 New Notes, including calculation of the interest rates for each note as of June 30, 2025.

All dollar amounts expressed in thousands, except per share amounts

In connection with the 2023 Refinanced Notes, the Company issued 91,999,901 Debt Modification Warrants to the Note Holders. Of this amount, 45,539,951 Debt Modification Warrants were issued to Mark Scatterday through Mak One.

## **17. Commitments and Contingencies**

### ***Litigation***

The Company has been named as a defendant in several legal actions and is subject to various risks and contingencies arising in the normal course of business. Management is of the opinion that the outcome of these uncertainties will not have a material adverse effect on the Company's financial position.

On December 16, 2024, S.K. D.C. and D.G. (the "Indirect Named Plaintiffs") filed a complaint in the United States District Court for the Northern District of California against Jupiter, 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the Defendants"). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the Indirect Named Plaintiffs allege, on behalf of a class of similarly-situated plaintiffs, that the Defendants violated federal and state antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems produced by Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited. On March 7, 2025, the Indirect Named Plaintiffs filed a First Amended Complaint adding Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited as defendants. Defendants filed a Motion to Dismiss the First Amended Complaint on June 27, 2025, and Indirect Named Plaintiffs subsequently sought leave to file a second amended complaint, which the Court granted. Indirect Named Plaintiffs filed their Second Amended Complaint on July 16, 2025, and Defendants moved to dismiss the Second Amended Complaint on July 30, 2025.

On February 11, 2025, Earth's Healing Inc. (the "Named Plaintiff") filed a complaint in the United States District Court for the Northern District of California against Shenzhen Smoore Technology Co. Ltd, Jupiter, 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the "Defendants"). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the Named Plaintiff alleges, on behalf of a class of similarly-situated direct purchaser plaintiffs, that the Defendants violated federal antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems.

On April 10, 2025, Redbud Roots Inc. (the "Named Plaintiff") filed a complaint in the United States District Court for the Northern District of California against Shenzhen Smoore Technology Co. Ltd, Jupiter Research, LLC ("Jupiter"), 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the "Defendants"). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the Named Plaintiff alleges, on behalf of a class of direct purchaser similarly-situated plaintiffs, that the Defendants violated federal antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems.

On April 17, 2025, Summit Industrial Solutions LLC (the "Named Plaintiff") filed a complaint in the United States District Court for the Northern District of California against Shenzhen Smoore Technology Co. Ltd, Jupiter Research, LLC ("Jupiter"), 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the "Defendants"). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the Named Plaintiff alleges, on behalf of a class of similarly-situated direct purchaser plaintiffs, that the Defendants violated federal antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems.

Earth's Healing, Redbud Roots, and Summit Industrial ("Direct Named Plaintiffs") sought to consolidate the direct purchaser cases, which the Court entered on May 19, 2025. The Court related the SK Indirect Named Plaintiff case to the Direct Named Plaintiffs' cases on May 16, 2025.

On May 30, 2025, the Direct Named Plaintiffs filed a Consolidated Amended Complaint, which asserted claims under federal and state antitrust and unfair competition laws.

On June 27, 2025, Defendants moved to dismiss the Direct Named Plaintiffs' Consolidated Amended Complaint.

All dollar amounts expressed in thousands, except per share amounts

On June 27, 2025, M.M. (“M.M. Named Plaintiff”) filed a complaint in the United States District Court for the District of Nevada against Shenzhen Smoore Technology Company, Ltd., Smoore International Holdings Limited, Jupiter, 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the “Defendants”). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the M.M. Named Plaintiff alleges, on behalf of a class of similarly-situated indirect purchaser plaintiffs, that the Defendants violated federal and state antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems produced by Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited.

On June 28, 2025, H.H. (“H.H. Named Plaintiff”) filed a complaint in the United States District Court for the District of Arizona against Shenzhen Smoore Technology Company, Ltd., Smoore International Holdings Limited, Jupiter, 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the “Defendants”). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the H.H. Named Plaintiff alleges, on behalf of a class of indirect purchaser similarly-situated plaintiffs, that the Defendants violated federal and state antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems produced by Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited. The Plaintiffs voluntarily dismissed their complaint after the Court ruled Plaintiff could not proceed anonymously.

The foregoing complaints seek unspecified damages and an award of costs and expenses. At this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on our financial condition or to estimate the amount or range of possible loss, if any, from these actions.

## 18. Reportable Segments and Revenue

The Company operates in two reportable segments: (i) cannabis segment (Santé Veritas Holdings, Inc. or “SVH”), Standard Farms PA, Baker, and JJ Blocker, and (ii) accessories (Jupiter). The cannabis segment includes production, cultivation, extraction and sale of cannabis products and accessories including the manufacturing and distribution of electronic, non-nicotine (i.e., cannabis) devices and systems. The accessories segment includes distribution of vapor cartridges and accessory products.

Information related to each segment is set out below. Other segment (income) expenses is primarily made up of income tax expense, insurance expense, and selling expense, as well as various other general and administrative expenses. Segment net loss is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. The Company has elected not to disclose segment-level asset information, as the Company’s CEO, who is also its CODM, does not review such information to assess the performance of the segment and allocation resources.

The following tables present the operating results of the Company’s segments:

	Three Months Ended June 30, 2025			
	Cannabis	Accessories	Corporate	Total
Revenue	\$ 2,841	\$ 7,715	\$ —	\$ 10,556
Inter-segment revenue	—	(70)	—	(70)
Net revenue	\$ 2,841	\$ 7,645	\$ —	\$ 10,486
Cost of goods sold	2,930	5,736	—	8,666
Wages and benefits	505	992	887	2,384
Professional fees	42	274	587	903
Depreciation and amortization	358	1,961	—	2,319
Interest expense	727	809	6,060	7,596
Other segment (income) expenses	(1,280)	1,421	(2,372)	(2,231)
Net loss from continuing operations	(441)	(3,548)	(5,162)	(9,151)
Net loss from discontinued operations	(2,911)	—	—	(2,911)
Net loss	\$ (3,352)	\$ (3,548)	\$ (5,162)	\$ (12,062)

All dollar amounts expressed in thousands, except per share amounts

	Three Months Ended June 30, 2024			
	Cannabis	Accessories	Corporate	Total
Revenue	\$ 3,306	\$ 16,310	\$ —	\$ 19,616
Inter-segment revenue	—	(637)	—	(637)
Net revenue	\$ 3,306	\$ 15,673	\$ —	\$ 18,979
Cost of goods sold	2,479	12,914	—	15,393
Wages and benefits	359	1,308	1,502	3,169
Professional fees	57	97	1,101	1,255
Depreciation and amortization	262	3,212	—	3,474
Impairment loss	5	—	—	5
Interest expense	144	654	4,579	5,377
Other segment (income) expenses	7,786	1,211	(2,141)	6,856
Net loss from continuing operations	(7,786)	(3,723)	(5,041)	(16,550)
Net loss from discontinued operations	(19,397)	—	—	(19,397)
Net loss	<u>\$ (27,183)</u>	<u>\$ (3,723)</u>	<u>\$ (5,041)</u>	<u>\$ (35,947)</u>

  

	Six Months Ended June 30, 2025			
	Cannabis	Accessories	Corporate	Total
Revenue	\$ 5,642	\$ 22,001	\$ —	\$ 27,643
Inter-segment revenue	—	(226)	—	(226)
Net revenue	\$ 5,642	\$ 21,775	\$ —	\$ 27,417
Cost of goods sold	6,250	16,327	—	22,577
Wages and benefits	941	1,971	1,925	4,837
Professional fees	93	467	1,267	1,827
Depreciation and amortization	676	3,923	—	4,599
Interest expense	1,150	1,715	10,833	13,698
Other segment (income) expenses	(1,593)	3,718	(3,833)	(1,708)
Net loss from continuing operations	(1,875)	(6,346)	(10,192)	(18,413)
Net loss from discontinued operations	(6,889)	—	—	(6,889)
Net loss	<u>\$ (8,764)</u>	<u>\$ (6,346)</u>	<u>\$ (10,192)</u>	<u>\$ (25,302)</u>

  

	Six Months Ended June 30, 2024			
	Cannabis	Accessories	Corporate	Total
Revenue	\$ 6,122	\$ 43,171	\$ —	\$ 49,293
Inter-segment revenue	—	(383)	—	(383)
Net revenue	\$ 6,122	\$ 42,788	\$ —	\$ 48,910
Cost of goods sold	4,874	35,028	—	39,902
Wages and benefits	717	2,577	2,879	6,173
Professional fees	123	330	2,108	2,561
Depreciation and amortization	523	6,432	—	6,955
Impairment loss	5	—	—	5
Interest expense	166	1,580	8,306	10,052
Other segment (income) expenses	7,279	3,149	(3,957)	6,471
Net loss from continuing operations	(7,565)	(6,308)	(9,336)	(23,209)
Net loss from discontinued operations	(22,389)	—	—	(22,389)
Net loss	<u>\$ (29,954)</u>	<u>\$ (6,308)</u>	<u>\$ (9,336)</u>	<u>\$ (45,598)</u>

All dollar amounts expressed in thousands, except per share amounts

## Geographic Areas

The following table presents financial information relating to geographic areas in which the Company operated for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30, 2025			
	US	Canada	Other	Total
Revenue	\$ 9,890	\$ 550	\$ 46	\$ 10,486
Gross profit	1,686	113	21	1,820

  

	Three Months Ended June 30, 2024			
	US	Canada	Other	Total
Revenue	\$ 16,806	\$ 2,142	\$ 31	\$ 18,979
Gross profit	3,081	484	21	3,586

  

	Six Months Ended June 30, 2025			
	US	Canada	Other	Total
Revenue	\$ 25,718	\$ 1,568	\$ 131	\$ 27,417
Gross profit	4,459	321	60	4,840

  

	Six Months Ended June 30, 2024			
	US	Canada	Other	Total
Revenue	\$ 42,589	\$ 6,281	\$ 40	\$ 48,910
Gross profit	7,380	1,607	21	9,008

## 19. Subsequent Events

### Standard Farms PA Management Services Agreement

On July 30, 2025, Standard Farms PA entered into a Management Services Agreement (the “MSA”) with MariMed Advisors, Inc., a Delaware corporation (the “Manager”).

Under the MSA, the Manager will provide comprehensive management services to Standard Farms PA’s medical marijuana operations while Standard Farms PA will remain the permit holder of record. The Manager is tasked with overseeing budgeting, financial planning, compliance with applicable laws, and maintaining quality management programs. The Manager is also responsible for advising on accounting, managing business bank accounts, and ensuring compliance with tax and licensing requirements.

The Manager will receive a management fee of 12.5% of the gross revenue, payable monthly, with provisions for deferring payment, if necessary. The MSA includes standard representations, warranties, and indemnification provisions. The MSA is set for an initial term of four years commencing September 1, 2025, with automatic renewals unless terminated.

### Litigation

On July 2, 2025, B.Z. (“B.Z. Named Plaintiff”) filed a complaint in the United States District Court for the Northern District of Illinois against Shenzhen Smoore Technology Company, Ltd., Smoore International Holdings Limited, Jupiter, 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the “Defendants”). In the complaint, the B.Z. Named Plaintiff alleges, on behalf of a class of similarly-situated indirect purchaser plaintiffs, that the Defendants violated federal and state antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems produced by Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited. The Plaintiffs voluntarily dismissed their complaint.

All dollar amounts expressed in thousands, except per share amounts

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On July 3, 2025, Plaintiff Martin Rukeyser (“Rukeyser Named Plaintiff”) filed a complaint in the United States District Court for the Southern District of Florida against the Defendants. In the complaint, the Rukeyser Named Plaintiff alleges, on behalf of a class of similarly-situated plaintiffs, that the Defendants violated federal and state antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems produced by Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited. The Plaintiffs voluntarily dismissed their complaint.

On July 29, 2025, Plaintiff B.Z. filed a Motion for Transfer pursuant to 28 U.S.C. § 1407 with the Judicial Panel on Multidistrict Litigation, seeking centralization of the S.K., B.Z., M.M., and Rukeyser actions in the Northern District of Illinois.

All dollar amounts expressed in thousands, except per share amounts

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

*You should read the following management's discussion and analysis of financial condition and results of operations ("MD&A") in conjunction with our unaudited consolidated condensed financial statements for the three and six months ended June 30, 2025, included elsewhere in this Quarterly Report on Form 10-Q. This MD&A contains statements that are forward-looking. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Note Regarding Forward-Looking Statements" identified in this Quarterly Report on Form 10-Q. These statements are based on current expectations and assumptions that are subject to risks, uncertainties and other factors. Actual results could differ materially because of the factors discussed below or elsewhere in this Quarterly Report on Form 10-Q. See Item 1A. "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the "Form 10-K"). Unless otherwise indicated or the context otherwise requires, references herein to "we," "us," "our," and the "Company" refers to TILT Holdings Inc., and its subsidiaries.*

*All dollar amounts presented in this MD&A are presented in thousands of U.S. dollars ("USD\$", "\$", or "US\$"), except per share amounts, unless otherwise indicated.*

### **Overview**

The Company was incorporated under the laws of Nevada pursuant to NRS Chapter 78 on June 22, 2018. The Company was continued under the Business Corporations Act (British Columbia) pursuant to a Certificate of Continuance dated November 14, 2018. The Company's head office is located in Scottsdale, Arizona and its registered office is located in Vancouver, British Columbia.

The Company operates through two business divisions: Inhalation Technology and Cannabis. The Inhalation Technology division encompasses Jupiter Research LLC ("Jupiter"), through which the Company sells vape and accessory products and services to regulated markets across North America, South America, Israel and the European Union. The Cannabis division includes operations in Massachusetts at Commonwealth Alternative Care ("CAC"), in Pennsylvania at Standard Farms LLC ("Standard Farms PA") and in Ohio at Standard Farms Ohio, LLC ("Standard Farms OH").

Through Standard Farms PA, the Company has a fully permitted integrated cultivation and manufacturing facility specializing in high-quality medical cannabis products such as vape cartridges, flower, capsules, oil syringes and tinctures, all of which are sold via wholesale to Pennsylvania customers throughout the Commonwealth. The Company additionally holds a permit for a medical marijuana dispensary.

Through CAC, the Company operates a vertically integrated marijuana facility in Taunton, Massachusetts, dually licensed for both medical and adult-use cultivation, manufacturing and retail sales. Through this operating facility, the Company produces, packages, and sells a variety of cannabis flower, vape cartridge, concentrate, edible and topical products via wholesale and retail to Massachusetts customers.

Through Standard Farms OH's facility outside Cleveland, Ohio, the Company produces high-quality medical cannabis products from cannabis biomass including tinctures, vape cartridges, syringes, topicals, concentrates and edibles, which are then sold and distributed throughout Ohio via wholesale to other licensed cannabis businesses.

On January 28, 2025, the Company entered into an asset purchase agreement with In Good Health, Inc. for the sale of substantially all the assets and assumption of certain liabilities of CAC's dispensaries located in Taunton and Brockton, Massachusetts. Additionally, during the three months ended June 30, 2025, the Company determined that the wholesale-related operations of CAC and Standard Farms OH met the criteria to be classified as held for sale and that the strategic shift would have a major effect on its operations and financial results. As such, the results of the Retail Disposal Group and the Wholesale Disposal Group are presented as discontinued operations in the condensed consolidated statements of operations and comprehensive loss for all periods presented. See Note 4 – Assets Held for Sale and Discontinued Operations for additional information.

All dollar amounts expressed in thousands, except per share amounts



### Significant Developments in the Quarter

The Company is not aware of any significant developments during the three months ended June 30, 2025 that require recognition or disclosure that have not been discussed or disclosed elsewhere in this report.

### Certain Trends and Uncertainties

The Company's business, financial condition, and results of operations may be impacted by certain trends and uncertainties. See Liquidity and Capital Resources below and Liquidity and Capital Resources under Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 1A. "Risk Factors" of the Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") and on the System for Electronic Document Analysis and Retrieval Plus ("SEDAR+") for discussions of trends and uncertainties and risks that may affect the Company.

### Results of Operations

The Company reports the results of operations of its affiliates and subsidiaries from the date that control commences, either through the purchase of the business or control through a management agreement. The following selected financial information includes only the results of continuing operations, unless otherwise noted, after the Company established control of affiliates and subsidiaries. Accordingly, the information included below may not be representative of the results of operations of such affiliates or subsidiaries had their results of operations been included for the entire reporting period.

#### **Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024**

	Three Months Ended June 30,	
	2025	2024
Revenues, net	\$ 10,486	\$ 18,979
Cost of goods sold	(8,666)	(15,393)
Gross profit	1,820	3,586
Operating loss	(5,007)	(5,946)
Total other expense	(4,055)	(4,439)
Loss from operations before income tax	(9,062)	(10,385)
Net loss from continuing operations	(9,151)	(16,550)

#### **Revenue**

Revenue represents the amount the Company expects to receive for goods in its contracts with customers, net of discounts and sales taxes. The Company's revenue is derived from the following:

##### *Sale of Goods — Vaporization and Inhalation Devices:*

Revenue from the wholesale sales of accessories is recognized when the Company transfers control and satisfies its performance obligations on wholesale sales of accessories. Revenue is recognized from product sales at a point in time following the transfer of control of such products to the customer, which typically occurs upon shipment or delivery, depending on the terms of sale with the customer.

##### *Sale of Goods — Cannabis:*

Revenue from the direct sale of goods is recognized when the Company transfers control of the goods to the customer. For dispensary sales, this occurs at the point of sale at the dispensary, whereas for wholesale sales this occurs when goods are delivered to the customer.

All dollar amounts expressed in thousands, except per share amounts

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Revenue for the three months ended June 30, 2025 was \$10,486, down from \$18,979 for the three months ended June 30, 2024, reflecting a year-over-year decrease of \$8,493 or 45%. The decrease was mainly attributable to Jupiter which saw revenue decrease \$8,028 or 51% year-over-year, driven primarily by lower sales volume related to the temporary transition of certain customers to a direct invoicing model with Jupiter's primary supplier, decreasing revenue from those customers while they are on the commission structure. Additionally, the cannabis division decreased revenue by \$465 or 14% year-over-year, primarily driven by price compression, though sales volume increased.

Cost of Goods Sold, Gross Profit and Gross Margin Percentage

Cost of goods sold represents costs directly related to manufacturing and distribution of the Company's products. Primary costs include raw materials, packaging, direct labor, overhead, shipping and handling, the depreciation of certain property, plant and equipment, and tariffs. Manufacturing overhead and related expenses include salaries, wages, employee benefits, utilities, maintenance, and property taxes. Cost of goods sold also includes inventory valuation adjustments. The Company recognizes the cost of goods sold as the associated revenues are recognized.

Cost of goods sold for the three months ended June 30, 2025 was \$8,666, down from \$15,393 for the three months ended June 30, 2024 reflecting a year-over-year decrease of \$6,727 or 44%, mainly attributable to the sales volume decline at Jupiter described above, partially offset by increased cost of goods sold in the cannabis division primarily due to sales volume growth in certain lower margin categories.

Gross profit reflects revenue less production costs primarily consisting of labor, materials, rent and facilities, supplies, overhead, and amortization on production equipment, shipping, packaging and other expenses required to grow and manufacture cannabis products. Gross margin represents gross profit as a percentage of revenue.

The Company's gross profit for the three months ended June 30, 2025 was \$1,820, down from \$3,586 for the three months ended June 30, 2024, which reflects a year-over-year decrease of \$1,766 or 49%. The decrease in gross profit was mainly driven by the decreased sales volume at Jupiter, and price compression and a shift in product mix in the cannabis division. Gross margin was 17% and 19% for the three months ended June 30, 2025 and 2024, respectively. The decrease in gross margin was primarily driven by the price compression and change in product mix in the cannabis division partially offset by margin expansion at Jupiter, mainly driven by the transition of certain customers to a commission structure.

Total Operating Expenses

Total operating expenses primarily consists of costs incurred at the Company's corporate offices, share-based compensation, personnel costs including wages and employee benefits, professional service costs including accounting and legal expenses, rental costs associated with certain of the Company's offices and facilities, insurance expenses, costs associated with advertising and marketing the Company's products and other general and administrative expenses which support the Company's business.

The following is a summary of the Company's operating expenses derived from the condensed consolidated financial statements of the Company for the three months ended June 30, 2025 and 2024:

	Three Months Ended June 30,	
	2025	2024
Wages and benefits	\$ 2,384	\$ 3,169
General and administrative	2,075	2,730
Sales and marketing	34	131
Share-based compensation expense	15	23
Depreciation and amortization	2,319	3,474
Impairment loss	—	5
<b>Total operating expenses</b>	<b>\$ 6,827</b>	<b>\$ 9,532</b>

All dollar amounts expressed in thousands, except per share amounts

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Total operating expenses for the three months ended June 30, 2025 were \$6,827, a decrease of \$2,705 or 28% year-over-year from \$9,532 for the three months ended June 30, 2024. The decrease was primarily driven by the Company's cost reduction strategies which lead to decreases in wages and benefits and general and administrative expense mainly due to reduced headcount and a reduction in 3<sup>rd</sup> party services, respectively. Additionally, depreciation and amortization expense decreased mainly due to the impairment of intangible assets at December 31, 2024, leading to lower amortization expense during the current period.

*Impairment Losses*

Impairment losses for the three months ended June 30, 2024 were \$5. There were no impairment losses recognized during the three months ended June 30, 2025.

*Total Other Expense*

The following is a summary of the Company's total other expense derived from the consolidated financial statements of the Company for the three months ended June 30, 2025 and 2024:

	Three Months Ended June 30,	
	2025	2024
Interest income	\$ —	\$ 1
Other income	2,385	937
Loss on foreign currency exchange	(4)	—
Gain on termination of lease	1,160	—
Interest expense	(7,596)	(5,377)
<b>Total other expense</b>	<b>\$ (4,055)</b>	<b>\$ (4,439)</b>

Other expense for the three months ended June 30, 2025 was \$4,055, a decrease of \$384 from other expense of \$4,439 for the three months ended June 30, 2024, primarily due to the increase in other income driven mainly by the receipt of refunds from the IRS related to previously filed claims for ERC. See Note 11 — Notes Payable for further details. Additionally, there was an increase in the gain on termination of lease in connection with the closure of the Company's former dispensary in Cambridge, Massachusetts. Partially offsetting the foregoing, interest expense increased from the prior year period driven mainly by compounding interest on certain debt and interest related to the 2024 Standard Farms Loan.

*Income Tax Expense*

As the Company operates in the cannabis industry, it is subject to the limits of Section 280E of the Internal Revenue Code under which the Company is only allowed to deduct expenses directly related to the cost of production. As such, the effective tax rate can be highly variable and may not correlate to pre-tax income or loss.

Income tax expense for the three months ended June 30, 2025 was \$89, a decrease of \$6,076 from income tax expense of \$6,165 for the three months ended June 30, 2024. The decrease was mainly due to the prior year's deferred tax valuation allowance adjustments. See Note 15 — Income Taxes for further details.

*Net Loss from Continuing Operations*

The Company recorded a net loss of \$9,151 for the three months ended June 30, 2025 compared to net loss of \$16,550 for the three months ended June 30, 2024, for a decrease in net loss of \$7,399 primarily driven by the \$6,076 decrease in income tax expense, the \$2,705 decrease in operating expense, and the \$384 decrease in other expense, partially offset by the \$1,766 decrease in gross profit.

All dollar amounts expressed in thousands, except per share amounts

**Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024**

	Six Months Ended June 30,	
	2025	2024
Revenues, net	\$ 27,417	\$ 48,910
Cost of goods sold	(22,577)	(39,902)
Gross profit	4,840	9,008
Operating loss	(9,555)	(10,071)
Total other expense	(8,625)	(8,553)
Loss from operations before income tax	(18,180)	(18,624)
Net loss from continuing operations	(18,413)	(23,209)

**Revenue**

Revenue for the six months ended June 30, 2025 was \$27,417, down from \$48,910 for the six months ended June 30, 2024, reflecting a year-over-year decrease of \$21,493 or 44%. The decrease was mainly attributable to Jupiter which saw revenue decrease \$21,013 or 49% year-over-year, mainly driven by lower sales volume related to the temporary transition of certain customers to a direct invoicing model with Jupiter's primary supplier, decreasing revenue from those customers while they are on the commission structure. Additionally, the cannabis division decreased revenue by \$480 or 8% year-over-year, primarily driven by price compression, though sales volume increased year-over-year.

**Cost of Goods Sold, Gross Profit and Gross Margin Percentage**

Cost of goods sold for the six months ended June 30, 2025 was \$22,577, down from \$39,902 for the six months ended June 30, 2024 reflecting a year-over-year decrease of \$17,325 or 43%, mainly attributable to the sales volume decline at Jupiter described above. This was partially offset by an increase in cost of goods sold in the cannabis division driven primarily by increased sales volume and higher expenses related to inventory adjustments for excess and obsolete products.

The Company's gross profit for the six months ended June 30, 2025 was \$4,840, down from \$9,008 for the six months ended June 30, 2024, which reflects a year-over-year decrease of \$4,168 or 46%. The decrease in gross profit was mainly driven by the decreased sales volume at Jupiter and the price compression and increased cost of goods in the cannabis division. Gross margin was 18% for each of the six months ended June 30, 2025 and 2024.

**Total Operating Expenses**

The following is a summary of the Company's operating expenses derived from the condensed consolidated financial statements of the Company for the six months ended June 30, 2025 and 2024:

	Six Months Ended June 30,	
	2025	2024
Wages and benefits	\$ 4,837	\$ 6,173
General and administrative	4,808	5,606
Sales and marketing	70	210
Share-based compensation expense	81	130
Depreciation and amortization	4,599	6,955
Impairment loss	—	5
<b>Total operating expenses</b>	<b>\$ 14,395</b>	<b>\$ 19,079</b>

All dollar amounts expressed in thousands, except per share amounts

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Total operating expenses for the six months ended June 30, 2025 were \$14,395, a decrease of \$4,684 or 25% year-over-year from \$19,079 for the six months ended June 30, 2024. The decrease was primarily driven by the Company's cost reduction strategies which lead to decreases in wages and benefits and general and administrative expense mainly due to reduced headcount and a reduction in 3<sup>rd</sup> party services, respectively. Additionally, depreciation and amortization expense decreased mainly due to the impairment of intangible assets at December 31, 2024, leading to lower amortization expense during the current period.

**Impairment Losses**

Impairment losses for the six months ended June 30, 2024 were \$5. There were no impairment losses recognized during the six months ended June 30, 2025.

**Total Other Expense**

The following is a summary of the Company's total other expense derived from the consolidated financial statements of the Company for the six months ended June 30, 2025 and 2024:

	Six Months Ended June 30,	
	2025	2024
Interest income	\$ —	\$ 2
Other income	3,916	1,502
Unrealized loss on investment	—	(1)
Loss on foreign currency exchange	(3)	(4)
Gain on termination of lease	1,160	—
Interest expense	(13,698)	(10,052)
<b>Total other expense</b>	<b>\$ (8,625)</b>	<b>\$ (8,553)</b>

Other expense for the six months ended June 30, 2025 was \$8,625, an increase of \$72 from other expense of \$8,553 for the six months ended June 30, 2024, primarily due to the increase in interest expense which was driven mainly by compounding interest on certain debt as well as interest related to the 2024 Standard Farms Loan. Partially offsetting the foregoing, other income increased, mainly due to the receipt of refunds from the IRS related to previously filed claims for ERC (See Note 11 — Notes Payable for further details), and gain on termination of lease increased in connection with the closure of the Company's former dispensary in Cambridge, Massachusetts.

**Income Tax Expense**

Income tax expense for the six months ended June 30, 2025 was \$233, a decrease of \$4,352 from income tax expense of \$4,585 for the six months ended June 30, 2024. The decrease was mainly due to the prior year's deferred tax valuation allowance adjustments. See Note 15 — Income Taxes for further details.

**Net Loss from Continuing Operations**

The Company recorded net loss of \$18,413 for the six months ended June 30, 2025 compared to net loss of \$23,209 for the six months ended June 30, 2024, for a decrease in net loss of \$4,796 primarily driven by the \$4,684 decrease in operating expense, the \$4,352 decrease in income tax expense, and the \$72 decrease in other expense, partially offset by the \$4,168 decrease in gross profit.

**Liquidity and Capital Resources**

The Company closely monitors and manages its capital resources to assess the liquidity required to fund fixed asset capital expenditures and operations.

All dollar amounts expressed in thousands, except per share amounts

*Liquidity and Going Concern*

The Company's balance of cash and cash equivalents was \$772 as of June 30, 2025 compared to \$1,643 as of December 31, 2024. The Company requires cash to: (i) fund operating expenses, working capital requirements, including accounts payable and accrued liabilities, and outlays for strategic acquisitions and investments, (ii) service debt, including principal and interest; (iii) conduct research and development; and (iv) incur capital expenditures.

The Company has experienced operating losses since its inception and may continue to incur losses in the development of its business. The Company incurred a comprehensive loss of \$25,300 during the six months ended June 30, 2025 and has an accumulated deficit of \$1,151,059 as of June 30, 2025. Additionally, as of June 30, 2025, the Company had negative working capital of \$93,881 compared to negative working capital of \$46,627 as of December 31, 2024. The decrease in working capital was primarily driven by an increase in notes payable due in the next 12 months, a decrease in trade receivables mainly due to lower revenue, and a decrease in inventories.

In 2024, the Company announced a strategic review, whereby it planned to divest of its plant-touching assets. On January 28, 2025, CAC entered into an asset purchase agreement with In Good Health, Inc. for the sale of substantially all the assets and assumption of certain liabilities of the Retail Disposal Group. The purchase price for the assets is \$2,000 plus the assumption of certain liabilities, and the sale is expected to be completed within the next 12 months. During the three months ended June 30, 2025, the Company determined that the sale of the Wholesale Disposal Group would have a major effect on its operations and financial results. The results of the Disposal Groups are presented as discontinued operations in the condensed consolidated statements of operations and comprehensive loss for all periods presented. The assets and liabilities of the discontinued operations have been reflected as assets and liabilities held for sale in the condensed consolidated balance sheets for all periods presented. See Note 4 — Assets Held for Sale and Discontinued Operations for additional information.

On May 2, 2024, Standard Farms PA entered into the 2024 Standard Farms Loan. Proceeds from the 2024 Standard Farms Loan were to be used for the construction of dispensaries obtained via a permit issued from the Department of Health, Bureau of Medical Marijuana, of the Commonwealth. The Standard Farms PA permit allows the construction and operation of the Retail Locations. The 2024 Standard Farms Loan will mature on December 31, 2027, and initially bore interest at 20%. On May 2, 2024, the Company drew \$3,000 in proceeds on the 2024 Standard Farms Loan, \$1,700 of which was allocated to a contingent interest derivative, and recognized a debt discount of \$784. Subsequent to May 2, 2024, the Company drew an additional \$3,144 in proceeds on this loan. Proceeds from the 2024 Standard Farms Loan were utilized for the initial setup and operation of the Retail Locations. On the Location Opening Date, Standard Farms PA opened a Retail Location and completed its first commercial sale in the Commonwealth, triggering an automatic increase in the interest rate to 30%, derecognition of the \$1,700 contingent interest derivative, and recognition of a debt discount for the same amount. See Note 11 — Notes Payable for additional information.

On October 3, 2024, the Company entered into the Revolving Facility Amendment through its subsidiary Jupiter. The Revolving Facility Amendment updated the required fixed charge coverage ratio financial covenant, the minimum monthly charge paid to the lender, and the inventory availability amount. The Revolving Facility Amendment also reduced the borrowing capacity from \$12,500 to \$6,000.

As of June 30, 2025, the Company continued to apply the default rate of 25.0% to accrue interest on the refinancing of \$38,000 of secured promissory notes issued originally under the 2019 Junior Notes NPA (the "2023 Refinanced Notes") due to continued noncompliance with financial covenants. The 25.0% interest rate represents the prime rate of 7.5% plus 8.5%, the 8.0% default interest rate, and the 1% annual increase pursuant to the first amendment (the "NPA Amendment") to its existing junior secured note purchase agreement (the "2019 Junior Notes NPA"), as the principal balance was more than \$30,000 as of February 15, 2024, which was the first anniversary of the date the Company entered into the NPA Amendment (the "Effective Date"). The private placement secured promissory notes issued pursuant to the NPA Amendment (the "2023 New Notes") remain at the default interest rate of 24.0%.

The Company's operating plans for the next 12 months include (i) increasing revenue growth from the sale of existing products and the introduction of new products; (ii) reducing production and operational costs as a result of efficiencies or divestitures in cannabis operations; (iii) reducing supply chain costs; (iv) reducing and delaying overhead and other certain

All dollar amounts expressed in thousands, except per share amounts

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expenditures; (v) obtaining other financings or completing other strategic transactions as necessary; and (vi) deferring principal and interest payments on the notes payable.

The Company believes that successfully implementing these operating plans will help to mitigate any substantial doubt raised by our historical operating results and satisfy our estimated liquidity needs for the 12 months following the issuance of these condensed consolidated financial statements.

However, the interest payments under these rates will constrain the Company's liquidity while these rates remain in effect. While, as of the date of this filing, the Company is not in compliance with certain payment obligations and covenants under the 2023 Refinanced Notes and the 2023 New Notes (collectively, the "2023 Notes") the Note Holders have not provided the requisite notice of an event of default. The Company is currently negotiating with the Note Holders to address such non-compliance. The Company can provide no assurance that the parties will reach a mutually agreeable resolution. See Note 11 — Notes Payable for additional information.

The Company cannot predict with certainty the outcome of its actions to generate liquidity as discussed above, including the availability of additional financing as necessary, or whether such actions would generate the expected liquidity as currently planned. Therefore, management has concluded there is substantial doubt about the Company's ability to continue as a going concern within 12 months after the date of this filing. These financial statements do not include any adjustments that might become necessary should the Company be unable to continue as a going concern.

### Cash Flows

The following table presents the Company's net cash inflows and outflows for continuing operations from the condensed consolidated financial statements for the six months ended June 30, 2025 and 2024:

	Six Months Ended June 30,	
	2025	2024
Cash provided by (used in) operating activities - continuing operations	\$ 4,385	\$ (2,117)
Cash used in investing activities - continuing operations	(2,033)	(13)
Cash (used in) provided by financing activities - continuing operations	(3,224)	1,773
Effect of foreign exchange on cash and cash equivalents	2	(7)
<b>Net changes in cash and cash equivalents</b>	<b>\$ (870)</b>	<b>\$ (364)</b>

For the six months ended June 30, 2025, cash was provided by (used in):

- Operating activities: \$4,385. The cash flow from operating activities for the six months ended June 30, 2025 increased \$6,502 as compared to cash used in operating activities of \$2,117 for the six months ended June 30, 2024, mainly driven by the receipt of refunds from the IRS related to previously filed claims for ERC. See Note 11 — Notes Payable for further details.
- Investing activities: (\$2,033). The cash flow from investing activities for the six months ended June 30, 2025 decreased \$2,020 from cash used in investing activities of \$13 for the six months ended June 30, 2024. The decrease was mainly related to the buildout of the Standard Farms PA Retail Location during the three months ended March 31, 2025. See Note 11 — Notes Payable.
- Financing activities: (\$3,224). The cash flow from financing activities for the six months ended June 30, 2025 decreased \$4,997 as compared to cash provided by financing activities of \$1,773 for the six months ended June 30, 2024. The decrease was mainly driven by repayments made on the Employee Retention Credit Note (See Note 11 — Notes Payable) and reducing the balance of the Revolving Facility.

All dollar amounts expressed in thousands, except per share amounts

## **Critical Accounting Estimates**

There were no significant changes in the Company's significant accounting judgements and estimates during the six months ended June 30, 2025 from those previously disclosed in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-K.

## **Recent Accounting Pronouncements**

For a discussion of recent accounting pronouncements, see Item 8. Note 2 to our audited consolidated financial statements in the Form 10-K and the "Recently Adopted and Issued Accounting Pronouncements" section of Note 2 — Basis of Presentation and Summary of Significant Accounting Policies in the notes to the Financial Statements.

## **Legal and Regulatory Matters**

In accordance with the Canadian Securities Administrators Staff Notice 51-352 Issuers with U.S. Marijuana-Related Activities, readers are referred to the subsection titled "Legal and Regulatory Matters" in the Form 10-K, which includes information regarding the current federal and state-level United States regulatory regimes in those jurisdictions where the Company is currently directly and indirectly involved in the cannabis industry, through its subsidiaries and investments. Other than as described below, there have been no material updates to this disclosure as of the date hereof.

### *Regulation of Cannabis in the U.S. Federally*

On August 29, 2023, and in response to President Biden's directive to review cannabis's scheduling, the Department of Health and Human Services ("HHS") formally presented its recommendation to the Drug Enforcement Administration ("DEA") that cannabis be rescheduled to Schedule III from Schedule I. Section 280E does not apply to those trafficking in Schedule III controlled substances. On May 16, 2024, the DEA, which has final jurisdiction over scheduling decisions, issued a proposed rule to move cannabis from Schedule I to Schedule III. However, the rescheduling process was indefinitely delayed on January 15, 2025, after allegations of bias and improper communication by the DEA prompted an administrative ruling that halted proceedings pending further action by the agency. On April 10, 2025, the DEA's attorneys submitted a joint status update that indicated the proceedings remained stalled.

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

The Company is a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and, as such, is not required to provide the information under this item.

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

### **Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act, is recorded, processed, 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 the Company's Chief Executive Officer ("CEO") and Interim Chief Financial Officer ("Interim CFO"), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as the Company's controls and procedures are designed to do, and management necessarily was required to apply its judgment in evaluating the risk related to controls and procedures.

In connection with the preparation of this Quarterly Report on Form 10-Q, as of June 30, 2025, an evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and Interim

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CFO, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, management concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level as of June 30, 2025.

**Changes in Internal Control Over Financial Reporting**

There was no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of the Company's internal control performed during the quarter ended June 30, 2025 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings

Except as set forth below, there have been no material changes in the status of the legal proceedings to those previously disclosed in Item 3. “Legal Proceedings” of the Form 10-K, Item 1. Refer to Note 17 — Commitments and Contingencies for additional information on the Company’s legal proceedings.

The Company has been named as a defendant in several legal actions and is subject to various risks and contingencies arising in the normal course of business. Management is of the opinion that the outcome of these uncertainties will not have a material adverse effect on the Company’s financial position.

On December 16, 2024, S.K. D.C. and D.G. (the “Indirect Named Plaintiffs”) filed a complaint in the United States District Court for the Northern District of California against Jupiter, 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the Defendants”). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the Indirect Named Plaintiffs allege, on behalf of a class of similarly-situated plaintiffs, that the Defendants violated federal and state antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems produced by Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited. On March 7, 2025, the Indirect Named Plaintiffs filed a First Amended Complaint adding Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited as defendants. Defendants filed a Motion to Dismiss the First Amended Complaint on June 27, 2025, and Indirect Named Plaintiffs subsequently sought leave to file a second amended complaint, which the Court granted. Indirect Named Plaintiffs filed their Second Amended Complaint on July 16, 2025, and Defendants moved to dismiss the Second Amended Complaint on July 30, 2025.

On February 11, 2025, Earth’s Healing Inc. (the “Named Plaintiff”) filed a complaint in the United States District Court for the Northern District of California against Shenzhen Smoore Technology Co. Ltd, Jupiter Research, LLC (“Jupiter”), 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the “Defendants”). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the Named Plaintiff alleges, on behalf of a class of similarly-situated direct purchaser plaintiffs, that the Defendants violated federal antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems.

On April 10, 2025, Redbud Roots Inc. (the “Named Plaintiff”) filed a complaint in the United States District Court for the Northern District of California against Shenzhen Smoore Technology Co. Ltd, Jupiter Research, LLC (“Jupiter”), 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the “Defendants”). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the Named Plaintiff alleges, on behalf of a class of direct purchaser similarly-situated plaintiffs, that the Defendants violated federal antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems.

On April 17, 2025, Summit Industrial Solutions LLC (the “Named Plaintiff”) filed a complaint in the United States District Court for the Northern District of California against Shenzhen Smoore Technology Co. Ltd, Jupiter Research, LLC (“Jupiter”), 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the “Defendants”). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the Named Plaintiff alleges, on behalf of a class of similarly-situated direct purchaser plaintiffs, that the Defendants violated federal antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems.

Earth’s Healing, Redbud Roots, and Summit Industrial (“Direct Named Plaintiffs”) sought to consolidate the direct purchaser cases, which the Court entered on May 19, 2025. The Court related the SK Indirect Named Plaintiff case to the Direct Named Plaintiffs’ cases on May 16, 2025.

On May 30, 2025, the Direct Named Plaintiffs filed a Consolidated Amended Complaint, which asserted claims under federal and state antitrust and unfair competition laws.

On June 27, 2025, Defendants moved to dismiss the Direct Named Plaintiffs’ Consolidated Amended Complaint.

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On June 27, 2025, M.M. (“M.M. Named Plaintiff”) filed a complaint in the United States District Court for the District of Nevada against Shenzhen Smoore Technology Company, Ltd., Smoore International Holdings Limited, Jupiter, 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the Defendants”). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the M.M. Named Plaintiff alleges, on behalf of a class of similarly-situated indirect purchaser plaintiffs, that the Defendants violated federal and state antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems produced by Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited.

On June 28, 2025, H.H. (“H.H. Named Plaintiff”) filed a complaint in the United States District Court for the District of Arizona against Shenzhen Smoore Technology Company, Ltd., Smoore International Holdings Limited, Jupiter, 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the Defendants”). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the H.H. Named Plaintiff alleges, on behalf of a class of indirect purchaser similarly-situated plaintiffs, that the Defendants violated federal and state antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems produced by Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited. The Plaintiffs voluntarily dismissed their complaint after the Court ruled Plaintiff could not proceed anonymously.

On July 2, 2025, B.Z. (“B.Z. Named Plaintiff”) filed a complaint in the United States District Court for the Northern District of Illinois against Shenzhen Smoore Technology Company, Ltd., Smoore International Holdings Limited, Jupiter, 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the Defendants”). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the B.Z. Named Plaintiff alleges, on behalf of a class of similarly-situated indirect purchaser plaintiffs, that the Defendants violated federal and state antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems produced by Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited. The Plaintiffs voluntarily dismissed their complaint.

On July 3, 2025, Plaintiff Martin Rukeyser (“Rukeyser Named Plaintiff”) filed a complaint in the United States District Court for the Southern District of Florida against Shenzhen Smoore Technology Company, Ltd., Smoore International Holdings Limited, Jupiter, 3Win Corporation, CB Solutions Inc. and Greenlane Holdings, Inc. (collectively, the Defendants”). Jupiter is a wholly owned subsidiary of the Company. In the complaint, the Rukeyser Named Plaintiff alleges, on behalf of a class of similarly-situated plaintiffs, that the Defendants violated federal and state antitrust statutes through the sale and distribution of closed cannabis oil vaporizing systems produced by Shenzhen Smoore Technology Company, Limited and Smoore International Holdings Limited. The Plaintiffs voluntarily dismissed their complaint.

On July 29, 2025, Plaintiff B.Z. filed a Motion for Transfer pursuant to 28 U.S.C. § 1407 with the Judicial Panel on Multidistrict Litigation, seeking centralization of the S.K., B.Z., M.M., and Rukeyser actions in the Northern District of Illinois.

The foregoing complaints seek unspecified damages and an award of costs and expenses. At this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on our financial condition or to estimate the amount or range of possible loss, if any, from these actions.

### **Item 1A. Risk Factors**

You should carefully consider the risks described in Item 1A. “Risk Factors” of the Form 10-K for the year ended December 31, 2024, and all information contained in this Quarterly Report on Form 10-Q, which could materially affect our business, financial condition, results of operations, and cash flows filed with the SEC and on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). The risks described in our Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or currently considered immaterial may also materially adversely affect our business, financial condition, results of operations, and cash flows. Except for the risk factors set forth below, there have been no material changes in the risk factors contained in our Annual Report on Form 10-K.

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***There is substantial doubt about our ability to continue as a going concern, and holders of our common shares could suffer a total loss of their investment. If we are unable to achieve our financial projections, we may need to raise additional capital to continue our operations. Such capital may not be available to us or may not be available at terms we deem acceptable, either of which could reduce our ability to compete and could negatively affect our business.***

Management has concluded, and the report of our auditors included in our Annual Report on Form 10-K reflect, that there is substantial doubt about our ability to continue as a going concern within 12 months after the date of this filing. The reaction of investors to the inclusion of a going concern statement by management and our auditors and our potential inability to continue as a going concern may materially adversely affect the price of our common shares and our ability to raise new capital or enter into partnerships. If we are unable to continue as a going concern, we may have to liquidate our assets and may receive less than the value at which those assets are carried on our financial statements, and it is likely that investors will lose all or part of their investment. Further, the perception that we may be unable to continue as a going concern may impede our ability to pursue strategic opportunities or operate our business due to concerns regarding our ability to fulfill our contractual obligations. In addition, if there remains substantial doubt about our ability to continue as a going concern, investors or other financing sources may be unwilling to provide additional funding to us on commercially reasonable terms, or at all.

During the second quarter of 2023, a primary supplier significantly changed the payment terms of the Company's trade payable. This was an unexpected event impacting short-term liquidity, therefore, the Company secured additional financing through the 2023 Bridge Notes to satisfy the transition of the new payment terms and provide working capital for the business. However, the issuance of the 2023 Bridge Notes caused the Company to obtain a waiver of financial covenant defaults expected to occur on the 2023 Refinanced Notes. As a result of the waiver, the Company had to pay default interest rates on its 2023 Refinanced Notes and 2023 New Notes, which resulted in an increase from 16.5% as of March 31, 2023 to 25.0% as of June 30, 2023. As of December 31, 2024, the Company continued to apply the default rate of 25.0% and 24.0% to accrue interest on the 2023 Refinanced Notes and 2023 New Notes, respectively, due to continued noncompliance with financial covenants. See Note 11 — Notes Payable for additional information. The interest payments required under these rates will constrain the Company's liquidity while these rates remain in effect. While, as of the date of this filing, the Company is not in compliance with certain payment obligations and covenants under the 2023 Notes, the Note Holders have not provided the requisite notice of an event of default under these notes. We are currently negotiating with the Note Holders to address such non-compliance. The Company can provide no assurance that the parties will reach a mutually agreeable resolution.

If we are unable to obtain relief from our debt obligations, achieve our projections, and/or unable to obtain additional sources of liquidity, management anticipates that our existing cash and cash equivalents and anticipated cash flows from operations will not be sufficient to meet our operating and liquidity needs for any meaningful period of time following the filing of this Quarterly Report on Form 10-Q. We will likely need to engage in equity or debt financing or sell assets to secure additional funds. If we raise additional equity financing, shareholders will experience significant dilution of their ownership interests to the extent we issue a significant number of common shares, and we may experience a decline in the market price of the common shares. Our current debt requires us to pay the proceeds of any equity financing to our debtholders. Our current debt also contains restrictions on our future debt financing, but if we engage in future debt financing, the holders of debt would have priority over the holders of common shares, and we may be required to accept terms that restrict our operations or our ability to incur additional indebtedness or to take other actions that would otherwise be in the interests of the debt holders. In addition, adverse macroeconomic developments, including without limitation inflation, slowing economic growth, rising interest rates or a potential economic recession, may reduce our ability to access such capital and our ability to meet and exceed forecast. Any of the above could harm our business, results of operations and financial condition.

There can be no assurance that we will be able to achieve our forecast or to raise additional capital in sufficient amounts or on favorable terms, or at all. If we are unable to meet or exceed our forecast or raise adequate additional capital when required or in sufficient amounts or on terms acceptable to us, we may have to significantly reduce expenses, sell assets (potentially at a loss), cease operations altogether, pursue an acquisition of our company at a price that may result in up to a total loss on investment for our shareholders, file for bankruptcy or seek other protection from creditors, or liquidate all of our assets.

All dollar amounts expressed in thousands, except per share amounts

***We may be adversely affected by boycotts, civil unrest, trade disputes, and other geo-political disruptions.***

We may be adversely affected by boycotts, civil unrest and other geo-political disruptions. These events may damage our properties, deny us access to an adequate workforce, increase the cost of energy and other raw materials, temporarily or permanently close our facilities, disrupt the production, supply and distribution of our products and potentially disrupt information systems.

The U.S. has imposed and may impose additional quotas, duties, tariffs, retaliatory or trade protection measures or other restrictions or regulations and may adversely adjust prevailing quota, duty or tariff levels, which can affect both the materials that we use to package our products and the sale of finished products. For example, the tariffs imposed by the U.S. on materials from China are impacting our vaporizer and vaporizer accessory products. Measures to reduce the impact of tariff increases or trade restrictions, including geographical diversification of our sources of supply, adjustments in packaging design and fabrication or increased prices, could increase our costs, delay our time to market and/or decrease sales. Other governmental action related to tariffs or international trade agreements has the potential to adversely impact demand for our products and our costs, customers, suppliers and global economic conditions and cause higher volatility in financial markets. While we actively review existing and proposed measures to seek to assess the impact of them on our business, changes in tariff rates, import duties and other new or augmented trade restrictions could have a number of negative impacts on our business, including higher consumer prices and reduced demand for our products and higher input costs.

International conflict has materially adversely affected and is likely to continue to materially adversely affect global trade, currency exchange rates, regional economies and the global economy. In particular, while it is difficult to anticipate the impact of any of the foregoing on us, the conflict and actions taken in response to the conflict could increase our costs, reduce our sales and earnings, impair our ability to raise additional capital when needed on acceptable terms, if at all, or otherwise adversely affect our business, financial condition and results of operations.

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

The Company made no unregistered sales of equity securities during the quarter covered by this report.

**Item 3. Defaults Upon Senior Securities**

Not applicable.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

During the six months ended June 30, 2025, no director or officer of the Company adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

All dollar amounts expressed in thousands, except per share amounts

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
10.1	<a href="#">Management Services Agreement dated July 30, 2025, by and among Standard Farms LLC and MariMed Advisors, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 5, 2025)</a>
31.1	<a href="#">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 (filed herewith).</a>
31.2	<a href="#">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 (filed herewith).</a>
32.1	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Calculation Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded with Inline XBRL document)

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All dollar amounts expressed in thousands, except per share amounts

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 14, 2025

**TILT HOLDINGS INC.**

By: /s/ Tim Conder  
Tim Conder  
Chief Executive Officer and Director  
*(Principal Executive Officer)*

By: /s/ Brad Hoch  
Brad Hoch  
Interim Chief Financial Officer  
*(Principal Financial Officer)*

**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**

I, Tim Conder, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TILT Holdings 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)) 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: August 14, 2025

/s/ Tim Conder  
\_\_\_\_\_  
Tim Conder  
Chief Executive Officer  
(Principal Executive Officer)

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**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**

I, Brad Hoch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TILT Holdings 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)) 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: August 14, 2025

/s/ Brad Hoch

Brad Hoch  
Interim Chief Financial Officer  
(Principal Financial Officer)

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**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER 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 TILT Holdings Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission ("SEC") on the date hereof (the "Report"), each of Tim Conder, Chief Executive Officer of the Company, and Brad Hoch, Interim Chief Financial Officer and Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2025

/s/ Tim Conder

\_\_\_\_\_  
Tim Conder  
Chief Executive Officer  
(Principal Executive Officer)

Date: August 14, 2025

/s/ Brad Hoch

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Brad Hoch  
Interim Chief Financial Officer  
(Principal Financial Officer)

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