Risk Factors Comparison 2023-07-26 to 2022-07-28 Form: 10-K

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Investing in our securities involves a high degree of risk. Below is a summary of material factors that make an investment in our securities speculative or risky. Importantly, this summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, as well as other risks that we face, can be found under the heading " Item 1A — Risk Factors " below. • We **have** ~~recently closed on~~ an investment and certain **arrangement** transactions with HEXO Corp. (" HEXO ") and we face uncertainty with respect to our ability to realize a return on our investment and achieve expected production efficiencies and cost savings in connection with the ~~commercial~~ transactions with HEXO as well as the MedMen investment **. • Additional impairments of our goodwill, impairments of our intangible and other long- lived assets, and changes in the estimated useful lives of intangible assets could have a material adverse impact on our financial results. • We may experience difficulties integrating Tilray and HEXO' s operations and realizing the expected benefits of the Arrangement** . • Our business is dependent upon regulatory approvals and licenses, ongoing compliance and reporting obligations, and timely renewals. • Government regulation is evolving, and unfavorable changes or lack of commercial legalization could impact our ability to carry on our business as currently conducted and the potential expansion of our business. **2** • Our production and processing facilities are integral to our business and adverse changes or developments affecting our facilities may have an adverse impact on our business. • We face intense competition, and anticipate competition will increase, which could hurt our business. • Regulations constrain our ability to market and distribute our products in Canada. • United States regulations relating to hemp- derived CBD products are new and rapidly evolving, and changes may not develop in the timeframe or manner most favorable to our business objectives. • Changes in consumer preferences or public attitudes about alcohol could decrease demand for our beverage alcohol products. • SweetWater ~~and~~ **,** Breckenridge **and Montauk** each face substantial competition in the beer industry and the broader market for alcoholic beverage products which could impact our business and financial results. • We have a limited operating history and a history of net losses, and we may not achieve or maintain profitability in the future. • We are subject to litigation, arbitration and demands, which could result in significant liability and costs, and impact our resources and reputation. • Our strategic alliances and other third- party business relationships may not achieve the intended beneficial impact and expose us to risks. • We may not be able to successfully identify and execute future acquisitions, dispositions or other equity transactions or to successfully manage the impacts of such transactions on our operations. • We are subject to risks inherent in an agricultural business, including the risk of crop failure. • We depend on significant customers for a substantial portion of our revenue. If we fail to retain or expand our customer relationships or significant customers reduce their purchases, our revenue could decline significantly. • Our products may be subject to recalls for a variety of reasons, which could require us to expend significant management and capital resources. • Significant interruptions in our access to certain supply chains for key inputs such as raw materials, supplies, electricity, water and other utilities may impair our operations. • Management may not be able to successfully establish and maintain effective internal controls over financial reporting. • The price of our common stock in public markets has experienced and may continue to experience severe volatility and fluctuations. • The volatility of our stock and the stockholder base may hinder or prevent us from engaging in beneficial corporate initiatives. • The terms of our outstanding warrants may limit our ability to raise additional equity capital or pursue acquisitions, which may impact funding of our ongoing operations and cause significant dilution to existing stockholders. • We may not have the ability to raise the funds necessary to settle conversions of the convertible securities in cash or to repurchase the convertible securities upon a fundamental change. • We are subject to other risks generally applicable to our industry and the conduct of our business. **3** Item 1. Business. Our **Company Tilray Brands, Inc., a Delaware corporation (collectively, along with its subsidiaries, the " Company ", " Tilray ", " we ", " us " and " our ") is a leading global cannabis- lifestyle and consumer packaged goods company, which was incorporated on January 24, 2018 and headquartered in Leamington and New York, with operations in Canada, the United States, Europe, Australia and Latin America that is changing people' s lives for the better – one person at a time – by inspiring and empowering a worldwide community to live their very best life enhanced by moments of connection and wellbeing. Tilray' s** ~~Vision~~ **mission is to be the most responsible, trusted** and ~~Purpose~~ **market leading cannabis- lifestyle and consumer packaged goods company in the world with a portfolio of innovative, high- quality and beloved brands that address the needs of the consumers, customers and patients we serve. Patients and consumers trust Tilray Brands to be the most responsible, trusted and market leading cannabis consumer products company in the world with a portfolio of innovative, high- quality, and beloved brands that address the needs of the consumers, customers, and patients we serve.** Our **business consists of four reporting segments, which are defined by the industry in which we compete, target consumer and need and route- to- market. These reporting segments consist of medical cannabis, adult- use cannabis, beverage alcohol and wellness. We were among the first companies to be permitted to cultivate and sell legal medical cannabis. Today, we supply high- quality medical cannabis products to tens of thousands of patients in 21 countries spanning five continents through our global subsidiaries, and through agreements with established pharmaceutical distributors. We are also a leader in the recreational adult- use market in Canada. In the United States, we are one of the largest craft brewers and have businesses in the distilled spirits and hemp- based foods industries. On April 30, 2021, Tilray acquired all of the issued and outstanding common shares of Aphria Inc. via a plan of arrangement (the " Arrangement "). The Arrangement brought together two highly complementary businesses to create a leading cannabis- lifestyle and consumer packaged goods company with one of the largest global geographic footprints in the industry. On**

November 7, 2022, Tilray acquired Montauk Brewing Company, Inc. (" Montauk"), a leading craft brewer in Metro New York located in Montauk, New York (the " Montauk Acquisition "). Montauk is well- known for its beloved product portfolio, premium price point, and distribution across over 6, 400 points of distribution and is a welcomed addition to our growing craft alcohol and beer businesses. On March 16, 2023, Tilray' s stockholders formally approved a proposal to amend its certificate of incorporation (the " Charter Amendment "), which modified Tilray' s existing certificate of incorporation by canceling its Class 1 Common Stock and re- allocating such authorized shares to Class 2 Common Stock. In addition, the Charter Amendment reclassified each issued and outstanding share of Class 2 Common Stock as one share of Common Stock of Tilray. On April 10, 2023, we entered into an Arrangement Agreement (the " Arrangement Agreement ") with HEXO Corp. (" HEXO "), pursuant to which Tilray agreed to acquire all of the issued and outstanding common shares of HEXO pursuant to a plan of arrangement under the Business Corporations Act (Ontario) (the " Arrangement "). This transaction builds on the successful strategic alliance between the two companies and positions Tilray for continued strong growth and market leadership in Canada, the largest federally legal cannabis market in the world. We closed the acquisition of HEXO on June 22, 2023. Our Strategy and Outlook Our overall strategy is to leverage our brands, infrastructure, expertise and capabilities to drive market share in the industries in which we compete, achieve industry- leading, profitable growth and build sustainable, long- term shareholder value. In order to ensure the long- term sustainable growth of our Company, we continue to focus on developing strong capabilities in consumer insights, drive category management leadership and assess growth opportunities with the introduction of new products and entries into new geographies. In addition, we are relentlessly focused on managing our cost of goods and expenses in order to maintain our strong financial position. Finally, our experienced leadership team provides a strong foundation to accelerate our growth. Our management team is complemented by experienced operators, cannabis industry experts, veteran beer and beverage industry leaders and leaders that are well- established in wellness foods, all of whom apply an innovative and consumer- centric approach to our businesses. 4 To achieve our vision **of** ~~is to build~~ **building** the leading global cannabis- lifestyle and consumer packaged goods company that is changing people' s lives for the better – one person at a time – by inspiring and empowering a worldwide community to live their very...... a time – by inspiring and empowering the worldwide community to live their very best life, we will focus on the following strategies: • Build global brands that lead **in** ~~, legitimize and define the~~ **their respective industries by winning** ~~future within each of our pillars. As~~ the **hearts and minds of our consumers and patients. We have a portfolio of** ~~markets~~ **marketing** ~~where cannabis is legal today~~ **leading brands, which are beloved and trusted by our consumers and patients. Through this extensive portfolio, we seek to** continue to **build loyalty by providing** ~~grow and develop and as cannabis legalizes in more countries around the world, we see unique opportunities to introduce, market and distribute~~ our ~~broad~~ **consumers and patients with a differentiated and expanded** portfolio **designed** ~~of differentiated brands, that will appeal~~ to **meet their needs** ~~a diverse base of patients~~ and **desires,** ~~consumers. We believe we are well positioned to develop leading global brands and drive~~ **driven** ~~sustainable growth~~ **by research and insights** . • Develop innovative products and form factors that change the way the world consumes cannabis. **We** ~~Across our pillars, we~~ plan to continue to develop innovative products that possess the most consumer demand and are truly differentiated from our competitors, while optimizing our **cultivation and** production ~~capabilities~~ **facilities** . We will continue to invest in innovation in order to continue to provide our patients and consumers with a differentiated portfolio of products that exceeds their expectations and meets their needs. • Grow and leverage our investment in craft beer, spirits and hemp- based food. Within the U. S., our strategic acquisitions of ~~our~~ beverage alcohol **businesses** are the cornerstone of our longer- term U. S. strategy and an important step towards achieving our vision to change people' s lives for the better by inspiring and empowering the worldwide community to live their very best life. In addition to acquiring strong brands and profitable businesses, our strategic investments in beverage alcohol and food in the U. S. provides us with a platform and infrastructure within the U. S. to enable us to access the U. S. market more quickly in the event of federal legalization. In advance of federal legalization, we are focused on leading the craft beer segment, including growing our SweetWater, Alpine ~~and~~ **,** Green Flash **and, most recently, Montauk** brands by **bringing new consumers** ~~expanding our distribution footprint~~ into **the segment** ~~new territories,~~ focusing on new product development and innovation that delights our consumers and building brand awareness ~~of, and equity in, our existing adult- use cannabis brands in the U. S. ahead of federal legalization of cannabis by leveraging the SweetWater manufacturing and distribution infrastructure~~ . We have also diversified our presence in the beverage alcohol space through the purchase of Breckenridge, known for its award- winning bourbon whiskey collection and innovative craft spirits portfolio. ~~We~~ **In addition to driving growth in our beverage alcohol businesses, we also** seek to drive growth in **our Tilray Wellness platform, which currently consists of** our Manitoba Harvest brand and other hemp- based food and ingredients products by leveraging our consumer insights and consumer marketing activities, new product development as well as educating the consumer on the benefits from hemp- based foods. In the event of federal legalization in the U. S., we expect to be well- positioned to compete in the U. S. cannabis market given our existing strong brands and distribution system in addition to our track record of growth in consumer- packaged goods and cannabis products. **Until federal legalization, we intend to continue to diversify and grow our businesses while maximizing their profitability.** • Expand the availability of ~~pure~~ **high quality** , **consistent** ~~precise, and predictable~~ medical cannabis products for patients around the world **, wherever they are legal** . Since 2014, we have seen an increase in the demand for medical cannabis from both patients, doctors and governments in conjunction with a shift in the medical community, which is increasingly recognizing medical cannabis as a viable option for the treatment of patients suffering from a variety of health conditions. We area focused on driving ~~accessibility~~ **availability** to high- quality medical cannabis that is accessible to all. Internationally, we have made significant investments in our operations within Europe and we are well- positioned to pursue international growth opportunities with our strong medical cannabis brands, distribution network in Germany with CC Pharma, and end- to- end European Union Good Manufacturing Practices (" EU- GMP ") supply chain, which includes EU- GMP production facilities in Portugal and Germany. We intend to continue to maximize the utilization of our existing assets and investments in connection with the development and execution of our international growth plans, while leveraging our cannabis expertise and well- established medical brands. Through our well positioned cultivation facilities in Portugal and Germany, we intend to fuel the demand for our EU GMP certified medical grade cannabis internationally. By building on this foundation, we strive to maintain our leadership position in the international cannabis industry. • ~~Leverage~~ **Optimize and drive efficiencies in** our **global** ~~operational~~ **operations** ~~scale providing low-~~ **with a relentless focus on** cost ~~, high quality production -~~ **reduction and cash generation** . ~~We believe~~ **In each of our pillars,** we ~~have the operational scale necessary to compete more effectively in today' s consolidating~~ **continuously evaluate our cost structure for efficiencies and synergies and eliminate cost when warranted. In** cannabis **, our** ~~market. Our~~ state- of- the- art facilities are among the lowest cost production operations with the capabilities to produce a complete portfolio of form factors and products, including flower, pre- roll, capsules, vapes, edibles and beverages. ~~We also have~~ **This approach has permitted us to maintain** a strong, flexible balance sheet, cash balance and access to capital, which we believe will ~~give~~ **assist** us ~~the ability~~ to accelerate growth and deliver long- term sustainable value for our stockholders. **5** Reportable Segments Our business **consists of** ~~is primarily organized around our~~ **four** ~~product categories~~ **reporting segments** , ~~each of~~ which ~~have different~~ **are defined by the industry in which we compete,** target ~~consumers -~~ **consumer and need** , **route** ~~go-~~ to ~~-~~ market ~~strategies~~ , and margins. This enables us to track and measure our ~~success~~ **performance** and build processes for repeatable success in each of these categories. **Our** ~~As a result, we have~~ defined ~~our~~ reporting segments ~~on a product category basis, as this aligns~~ - **align** with how our Chief Operating Decision Maker (" CODM ") **evaluates and** manages our business, including resource allocation and performance assessment. We report our operating results in four reportable segments: • Cannabis business – Cultivation, production, distribution and sale of both medical and adult- use cannabis products • Distribution business – Purchase and resale of pharmaceutical and wellness products • Beverage alcohol business – Production, marketing and sale of beverage alcohol products • Wellness business – Production, marketing and distribution of hemp- based food and other wellness products Revenue in these four reportable business segments, and the year over year comparison, is as follows: **Year Ended % of Total Year Ended % of Total Year Ended % of Total** (~~in~~ **In** thousands of ~~United States~~ **U. S.** dollars) **May 31, 2023 Revenue May 31, 2022 Revenue May 31, 2021 Revenue Cannabis business $ 220, 430 % $ 237, 522 % $ 201, 392 % Distribution business 258, 770 % 259, 747 % 277, 300 % Beverage alcohol business 95, 093 % 71, 492 % 28, 599 % Wellness business 52, 831 % 59, 611 % 5, 794 % Total net revenue $ 627, 124 % $ 628, 372 % $ 513, 085 % Revenue in these four reportable business segments as reported in constant currency1, and the year over year comparison, is as follows: Year Ended** Year Ended May 31, **2023** ~~% of Total revenue Year Ended~~ May 31, **2022 (In thousands of U. S. dollars) as reported in constant currency** % of Total ~~revenue~~ **Revenue** ~~Year Ended May 31,~~ **as reported in constant currency** % of Total ~~revenue~~ **Revenue** Cannabis business $ ~~300~~ **233** , **227** ~~891 43~~ % $ ~~264~~ **237** , **522** ~~334 46 % $ 153, 477 36~~ % Distribution business **285, 115 %** 259, 747 ~~37 % 277, 300 48 % 275, 430 64~~ % Beverage alcohol business ~~74, 959~~ - **95** ~~11~~ **, 093** % ~~29~~ **71** , **492** ~~661 5 % — 0~~ % Wellness business **54, 429 %** 59, 611 ~~9 % 5, 794 1 % — 0~~ % Total **net** revenue $ ~~695~~ **667** , **864** ~~208 100~~ % $ ~~577~~ **628** , **372** ~~089 100~~ % ~~$ 428, 907 100 % Excise taxes (66, 836) (10 %) (64, 004) (11 %) (23, 581) (5) % Net revenue $ 628, 372 $ 513, 085 $ 405, 326~~ Revenue from our cannabis operations from the following sales channel and the year over year comparison is as follows: ~~Revenue by cannabis sales channel Cannabis revenue by market~~ Year Ended **% of Total Year Ended % of Total Year Ended % of Total (In thousands of U. S. dollars)** May 31, **2023** ~~% of Total revenue~~ **Revenue** ~~Year Ended~~ May 31, **2022** ~~% of Total revenue~~ **Revenue** ~~Year Ended~~ May 31, **2021** ~~% of Total revenue~~ **Revenue** Revenue from **Canadian** medical cannabis ~~products~~ **$ 25, 000 %** $ 30, 599 % $ 25, 539 % ~~$ 28, 685 %~~ Revenue from **Canadian** adult- use cannabis ~~products~~ **214, 319 %** 209, 501 % 222, 930 ~~% 112, 207~~ % Revenue from wholesale cannabis ~~products~~ **1, 436 %** 6, 904 % 6, 615 ~~% 12, 585~~ % Revenue from international cannabis ~~products~~ **43, 559 %** 53, 887 % 9, 250 % **Less** ~~— % Total cannabis revenue by market 300, 891 % 264, 334 % 153, 477 % Excise~~ **excise** taxes (63, **884)- 29 % (63,** 369) **- 27** ~~(21)~~ % (62, 942) **- 31 % Total $ 220, 430 % $ 237, 522 % $ 201, 392 % 6 Revenue from our cannabis operations from the following sales channel as reported in constant currency1 and the year over year comparison is as follows: Year Ended Year Ended May 31, 2023 May 31, 2022** (~~24~~ **In thousands of U. S. dollars**) **as reported in constant currency % of Total Revenue as reported in constant currency % of Total Revenue Revenue from Canadian medical cannabis $ 26, 612 % $ 30, 599 % Revenue from Canadian adult- use cannabis 225, 694 % 209, 501 % Revenue from wholesale cannabis 1, 529 % 6, 904 % Revenue from international cannabis 47, 434 % 53, 887 % Less excise taxes (68, 042)- 29** % (~~23~~ **63** , ~~581~~ **369**) **- 27** ~~(15)~~ % ~~Cannabis net revenue~~ **Total $ 233, 227 %** $ 237, 522 ~~$ 201, 392 $ 129, 896~~ **% (1) The constant currency presentation of our Cannabis revenue based on market channel is a non- GAAP financial measure. See " Use of Non- GAAP Measures – Constant Currency Presentation " for a discussion of these Non- GAAP Measures.** Our Brands and Products Our brand and product strategy centers on developing a broad portfolio of differentiated brands and products designed to appeal to diverse groups of patients and consumers **driven by research and insights** . Our brand and product activities are designed to comply with all local regulations and requirements, including applicable labelling and marketing restrictions. Our Medical Cannabis Brands **We were among the first companies to be permitted to cultivate and sell legal medical cannabis. Today, we supply high- quality medical cannabis products to tens of thousands of patients in over 21 countries spanning five continents through our global subsidiaries, and through agreements with established pharmaceutical distributors.** Tilray Medical is dedicated to transforming lives and fostering dignity for patients in need through safe and reliable access to a global portfolio of medical cannabis brands, including Tilray, Aphria, Broken Coast, ~~and~~ Symbios **, Navcora, and Charlotte' s Web** . Tilray grew from being one of the first companies to become an approved licensed producer of medical cannabis in Canada to building the first GMP- certified cannabis production facilities in Europe, first in Portugal and later in Germany. Today, Tilray Medical is one of the largest suppliers of medical cannabis brands to patients, physicians, hospitals, pharmacies, researchers, and governments, in 21 countries and across five continents. Our medical cannabis brands consist of: • Tilray **®** - The Tilray brand is a ~~global~~ medical cannabis brand designed for prescribers and patients in the global medical market by offering a wide range of high- quality, **consistent** pharmaceutical- grade medical cannabis and cannabinoid- based products. We believe patients and prescribers choose the Tilray brand because of our rigorous quality standards and the brand is a trusted, scientific based brand known for its ~~pure, precise and predictable~~ medical- grade products. **In Canada, Tilray has also partnered with Indiva to carry a wider array of product offerings, specifically in the edibles category, through its medical platform to better serve the interests of our patients.** • Aphria **®** - Since 2014, the Aphria brand is a leading, trusted choice for Canadian patients seeking high quality pharmaceutical- grade medical cannabis. Today, the Aphria brand continues to be a leading brand in Canada and, we will continue to leverage its market leadership as we develop our medical cannabis markets internationally under the Aphria brand. • Broken Coast **®** - Medical cannabis products under the Broken Coast brand are grown in small batches in single- strain rooms, with a commitment to product quality in order to meet our Canadian patient expectations. **Subsequent to the year- ended May 31, 2023, the Company completed its first shipment of Broken Coast product to Australia where the reputation and quality of the flower makes it a highly sought after product in this market. 7** • Symbios **®** - Launched in 2021, Symbios **was** ~~is the newest medical brand~~ developed to provide Canadian patients with a broader spectrum of formats and unique cannabinoid ratios at a better price point while offering a full comprehensive assortment of products, including flower, oils, and pre- rolls **. • Navcora ®- Launched in 2020, Navcora is dedicated to making pharmaceutical grade cannabis more accessible and reliable in the German market. The Navcora brand is complementary to our existing Tilray medical brand, and is designed to increase our points of distribution in the German medical cannabis market. • Charlotte' s WebTM- During the year, the Company entered into a strategic alliance which includes licensing, manufacturing, quality, marketing and distribution for Charlotte' s WebTM CBD hemp extract products in Canada. For the first time, Canadians will have the ease of nationwide availability of Charlotte' s WebTM full spectrum CBD products through Tilray' s medical cannabis distribution network. While no shipments were completed during the fiscal year, production commenced and the Company anticipates the first sale to be in the first half of fiscal year 2024** . We are committed to meeting the needs of our patients whether they are looking for more natural options for their medical needs, exploring their options in wellness, or seeking alternatives in their lifestyle. Accessibility is a top priority for Tilray. We are committed to ensuring patients have access to the medication they depend on through a strong supply chain and dedicated support through our dedicated patient care ~~team~~ **teams** . Our product lines focus on active ingredients and standardized, well- defined preparation methods. We use formulations and delivery formats that are intended to allow for consistent and measured dosing, and we test all our products for potency and purity. Each of our commercial products are developed with comprehensive analysis and thorough documentation. We take a scientific approach to our medical- use product development which we believe establishes credibility and trust in the medical community. We produce products that are characterized by well- defined and reproducible cannabinoid and terpene content, formulated for stable pharmacokinetic profiles, which are customizable in a variety of formulations. We continue to conduct extensive research and development activities and develop and promote new products for medical use. Our Adult- Use Cannabis Brands We **are** a leader in the recreational adult- use market in Canada where we offer a broad- based portfolio of adult- use brands and products ~~,~~ and continue to expand our portfolio to include new innovative cannabis products and formats.We maintain agreements to supply all Canadian provinces and territories with our adult- use products for sale through their established retail distribution systems.We believe that our differentiated portfolio of brands,which is designed to resonate with consumers in all categories,sets us apart from our competitors and is providing us with the ability to establish a leading position in the adult- use market in Canada.Therefore,we are investing in brand building with our consumers,new product innovation,insights,distribution,trade marketing and cannabis education to drive market share in the Canadian adult- use cannabis industry. ~~On~~ **We** believe that our portfolio of brands, developed for consumers across broad demographics and targeted segments, remains unmatched in the industry. With a focus on brand building, innovation, loyalty and conversion, we seek to drive growth with our differentiated portfolio of brands and products, both in sales and market share across categories. The Company is investing capital and resources to establish a leadership position in the adult- use market in Canada. These investments are focused on brand building with consumers, product innovation, distribution, trade marketing and cannabis education. Our strategy is to develop a brand focused portfolio that resonates with consumers in all category segments. We are positioned to grow our adult- use brand portfolio to specifically meet the needs and preferences of different consumer segments of the adult- use cannabis market. We leverage our selection of strains to offer each consumer segment a different experience through its product and terpene profiles, while also focusing on the value proposition for each of these segments as it relates to price, potency and product assortment. **8** Each brand is unique to a specific consumer segment and designed to meet the needs of these targeted segments, as described below. Our portfolio of brands and products and our marketing activities have been carefully curated and structured to enable us to develop and promote our brands and product lines in an effective and compliant manner. We continue to develop additional brands and new products, such as edibles and beverages, with more innovative products in our pipeline. Our brand portfolio consists of the following: ECONOMY ~~BRANDSB~~ - **BRANDS B** ! NGO B! NGO is like a nice cold beer on a summer' s day. Our products hit the spot and gives consumers that little something that lets them enjoy the moment. It' s the everyday companion that keeps it light and simple. The Batch A no- frills cannabis value brand focused on delivering quality cannabis flower and pre- rolls at competitive prices. The Batch categorizes its product offering by potency rather than cultivar, allowing us to offer quality cannabis at prices that beat the illicit market. VALUE ~~BRANDSP~~ - **BRANDS** ~~' tite Pof Inspired by Québécois culture, casse- croûte signage and your local dépanneur. Straightforward, functional, bold, charming and iconic. Our traditional blue and red with a modern twist.~~ Dubon " The good stuff ", a vibrantly Québécois cannabis brand and champion of inspired, creative living. Dubon offers master- crafted cannabis cultivars as whole flower and pre- rolls, exclusively available in Québec. CORE ~~BRANDSGood~~ ---- **BRANDS Good** Supply Quality Bud, No B. S. Good Supply is brand that embraces the goodness of classic cannabis culture – it speaks your language and reminds you of when you first fell in love with cannabis. Solei Sungrown Cannabis (" Solei ") Solei is a brand designed to embrace the bright Moments in your day. Solei' s Moments- based products help to make cannabis simple, approachable and welcoming. Chowie Wowie An edibles' brand bringing the ' wow' with perfectly crafted fusions of flavor offered in an array of reliably dosed cannabis- infused chocolates and gummies in THC and CBD varieties. Canaca A brand that proudly builds on its homegrown heritage with cannabis whole flower, pre- rolls, oil products and pure cannabis vapes handcrafted by and for Canadian cannabis enthusiasts. Our plants are sourced in BC and expertly cultivated in Ontario for homegrown, down- to- earth quality that' s enjoyed across Canada. PREMIUM ~~BRANDSRIFF~~---- **BRANDS RIFF** RIFF is not your conventional cannabis brand. It is a brand by creatives for creatives. An unconventional brand, fueled by creativity and ~~collaborationPREMIUM~~------- **collaboration PREMIUM** ~~BRANDSBroken~~ **BRANDS Broken** Coast West Coast, Naturally. Broken Coast relies on small batch growing techniques / craft approach with a reputation for its high- quality flower, aroma, bud composition, and heavy trichome appearance that delivers an incredible experience. Our Wellness Brands Our Tilray Wellness segment **primarily** consists of the Manitoba Harvest **branded hemp- based food** business, which develops, manufactures, markets and distributes a diverse portfolio of hemp- based food and wellness products under various brands, which include Manitoba Harvest, Hemp Yeah!, ~~Hemp Bliss,~~ Just Hemp Foods, and **Happy Flower** ~~Mighty Seed Hemp Co~~ . **Manitoba Harvest** ~~In the UK, we launched Pollen, a CBD lifestyle brand with a mix of CBD gummies and drink drops in three signature lines. Pollen brand is a new age of CBD~~ products ~~, designed to fit seamlessly into a consumer' s daily routine~~ **are sold in major retailers across the U. S. and Canada** . Our Beverage Alcohol and Spirits Brands ~~In~~ **We are also a** major player in the craft alcohol and beverage business through SW Brewing Company,LLC (" SweetWater "),the ~~10th~~ **9th** largest craft brewery in the United States according to the Brewers Association.Founded in 1997,SweetWater has broad consumer appeal and has established strong distribution across the United States.From its state- of- the- art ~~brewery~~ **breweries** in Atlanta,Georgia and Colorado,SweetWater produces a balanced variety of year- round and seasonal specialty craft brews,under the SweetWater ~~brands and recent additions,~~ Green Flash **,Alpine** and ~~Alpine~~ **Montauk brands** . **The Company also operates in** ~~On December 7,2021,~~ the **craft spirits businesses through** ~~Company acquired all the membership interests in Double Diamond Distillery LLC (d / b / a~~ Breckenridge Distillery ~~).~~ **,which was** ~~Founded~~ **founded** in 2008 ~~,Breckenridge Distillery started off~~ as a small craft spirits brand in Breckenridge **,** Colorado but has since grown its award- winning bourbon **whiskey collection and innovative craft spirits portfolio to be distributed in all 50 states in** addition to **owning** ~~acquiring strong brands and accretive businesses, our strategic acquisitions of our beverage alcohol are the cornerstone of our longer- term U. S. strategy and an important step towards achieving our vision to~~ **two tasting rooms / retail shops** ~~change people' s lives for the better by inspiring~~ and **a world class restaurant** ~~empowering the worldwide community to live their very best life~~ . **9** ~~Our plan is to leverage the existing infrastructure to accelerate our entry into the U. S. ahead of federal legalization of cannabis.~~ Our beverage alcohol brands include: • SweetWater – The ~~10th~~ **9th** largest craft brewery in the United States according to the Brewers Association has created an award- winning lineup of year- round, seasonal and specialty beers under a portfolio of brands closely aligned with a cannabis lifestyle, which include the flagship 420 alcoholic beverage offerings, its ~~RIFF Vodka sodas~~ **SweetWater Spirits, a new collection of bright** and ~~Oasis ® hard seltzers~~ **refreshing ready- to- drink mixed cocktails in a can and our newest innovation SweetWater Gummies, a fruit forward 9. 5 % ABV of refreshing double IPA** . We believe the SweetWater product offerings, including the **new Red White and Blue American Lager resonate across all consumer' s that want to drink flavorful and refreshing products and that it will be a staple at backyard barbecues, tailgates, and get- togethers. We also continue to be innovative with our** 420 Strain **G13 IPA** ~~series of products~~ , **which plays a critical role in our portfolio and** ~~resonate~~ **resonates** as a cannabis lifestyle brand. SweetWater' s various 420 strains of craft brews use plant- based terpenes and natural hemp flavors that, when combined with select hops, emulate the flavors and aromas of popular cannabis strains to appeal to a loyal consumer base. • Breckenridge Distillery – A highly sought- after and award- winning brand widely known for its blended bourbon whiskey and its collection of artisanal spirits including vodka and gin that brings to life the best that Colorado has to offer. ~~Among other accolades,~~ Breckenridge **continues to be one** ~~' s blended bourbon whiskey is a 4x winner~~ of ~~Best American Blended Whiskey from~~ the **most** ~~World Whiskies Awards. Breckenridge was also~~ awarded **craft distilleries in** the **U. S** ~~prestigious Icons of Whisky award for Brand Innovator of the Year by Whisky Magazine~~ . • Alpine Beer Company – ~~an~~ **An** award- winning craft brand founded in 1999, and is rated a top 50 brand in the United States with highly- rated favorites including Nelson IPA and Duet IPA. **We recently launched Infinite Haze, a brilliant Hazy IPA bursting with endless aromas of citrus and sweet, tropical fruits which complement our existing product offerings that make up our highly acclaimed year- round lineup.** • Green Flash – ~~an~~ **An** award- winning, independently owned and operated craft brand founded in 2002 to bring fresh ideas and a sense of adventure to craft beer. Green Flash delivers an eclectic lineup of specialty craft beers and distributes them throughout ~~California~~ **the west. Our staple brand, West Coast IPA, as well as our newly launched Hazy West Coast IPA, continue to excite consumers across the west coast. Green Flash has now created a variety 12- pack that takes the best of the west and the east to make an exciting and adventurous consumer experience. • Montauk – As the # 1 craft brewer in Metro New York. Montauk is well- known for its beloved product portfolio, premium price point, and distribution across over 6, 400 points of distribution. Wave Chaser IPA is a staple of Montauk and has expanded into The Surf Beer, a Golden Ale, Tropical IPA, Juicy IPA and Eastern Haze a Hazy IPA. We have also launched Project 4: 20, a terpene flavored beer with earthy aromas which is focused on giving back to local green charities. Montauk' s brand reach has predominantly been in New York City, Long Island, and northern New Jersey, but has now been expanded into Connecticut, Rhode Island, Upstate New York, Pennsylvania and the remainder of New Jersey** . Our Operations Through ~~the~~ **our cannabis reporting segment, we have** ~~investment~~ - **invested** in ~~building and scaling~~ state- of- the- art facilities **and infrastructure** , **and** we believe that we maintain ~~one~~ **some** of the highest- quality, lowest cost cannabis production operations in Canada, with the scale and distribution network that differentiates us from our competitors in the industry. We also made significant investments in our operations within Europe and we are well- positioned to pursue international growth opportunities with our strong medical cannabis brands, distribution network in Germany, and end- to- end European Union Good Manufacturing Practices (" EU- GMP ") supply chain, which includes EU- GMP production facilities in Portugal and Germany.

We seek to continue to invest in the expansion of our global supply chain to address the unmet needs of patients around the world. We currently maintain key international operations in Portugal, Germany, Italy, United Kingdom, ~~France,~~ Australia, New Zealand ~~, Colombia~~ and Argentina as well as strategic relationships in ~~Israel,~~ Denmark **, Luxembourg** and Poland. In establishing our international footprint, we sought to create operational hubs in those continents where we identified the biggest opportunities for growth and designed our operations to ensure consistent, high- quality supply of cannabis products as well as a distribution network. While these markets are still at various stages of development, and the regulatory environment around them is either newly formed or still being formed, we are uniquely positioned to bring the knowledge and expertise gained in Canada and leverage our operational footprint in order to generate profitable growth in these geographies. **10** In beverage alcohol, we have state- of- the- art breweries in Atlanta, Georgia ~~and~~ **,** Fort Collins, Colorado **and New York** from which SweetWater **and Montauk** ~~produces~~ - **produce** a balanced variety of year- round and seasonal specialty craft brews under the SweetWater, Alpine ~~and~~ **,** Green Flash **and Montauk** brands as well as Breckenridge Distillery, the world' s highest distillery, located in Breckenridge, Colorado **. Most recently, the Company entered into a new partnership with Mercedes- Benz Stadium and is opening two new SweetWater branded bars at Atlanta' s premier sports and entertainment venue, which is home to the NFL' s Atlanta Falcons and Atlanta United of Major League Soccer** . Lastly, in Wellness, we own two BRC accredited facilities located in Manitoba, Canada that are dedicated to hemp processing and packaging Manitoba Harvest, Just Hemp Foods, and Hemp Yeah! **Branded** products including hulled hemp seeds, hemp oil, and hemp protein. Canadian Adult-use Market Under the Canadian legislative regime, provincial, territorial and municipal governments have the authority to prescribe regulations regarding retail and distribution of adult- use cannabis. As such, the distribution model for adult- use cannabis is prescribed by provincial regulations and differs from province to province. Some provinces utilize government run retailers, while others utilize government- licensed private retailers, and some a combination of the two. All of our adult- use sales are conducted according to the applicable provincial and territorial legislation and through applicable local agencies. Through our subsidiaries, Aphria and High Park Holdings Ltd. (" High Park "), we maintain supply agreements for adult- use cannabis with all the provinces and territories in Canada. Tilray is party to a distribution agreement with Great North Distributors to provide sales force and wholesale / retail channel expertise required to efficiently distribute our adult- use products through each of the provincial / territorial cannabis control agencies, excluding Quebec. We also engage Rose **Life** ~~LifeSciences~~ ---- **Sciences** Ltd. as our sale agent exclusively for the Province of Quebec, representing our entire brand portfolio. Canadian Medical Market In Canada, Tilray Medical operates a direct to patient distribution model and online platform for patients to effectively and efficiently manage the process of registering and ordering medical products from Tilray Medical' s full portfolio of medical brands including Tilray, Aphria, Broken Coast ~~and~~ **,** Symbios **and Charlotte' s WebTM** . International Medical Markets Tilray Medical currently offers broad access to medical cannabis products in legal medical markets across Europe, Australia, **New Zealand** and Latin America. Our global portfolio of medical cannabis products includes high- quality and GMP- certified flower ~~, oils, vapes, edibles,~~ and ~~topicals~~ **extracts** . Through our various subsidiaries and partnerships with distributors, our medical products are available to patients in 21 countries on 5 continents, which include the following international distribution channels: • CC Pharma, our wholly- owned subsidiary, is a leading importer and distributor of pharmaceuticals for the German market and we are leveraging its distribution network in Germany for medical cannabis. • Our products are also distributed by multiple wholesalers and directly to pharmacies in Germany. As a result, we are able to fulfill prescriptions for our medical cannabis products throughout Germany. • We import and distribute compliant medical cannabis products into other international markets, including Italy, ~~Israel~~ **Poland** , ~~France~~ **Czech Republic** , Switzerland, United Kingdom, Portugal, Croatia, Malta, Ireland and Luxembourg. • In Argentina, ABP, S. A., our wholly- owned subsidiary, distributes medical cannabis throughout Argentina under the Argentinian " Compassionate Use " national law, which allows patients with refractory epilepsy, holding a medical prescription from a neurologist, to apply for special access to imported medical cannabis products. **11** ~~• We recently received approval for our regulatory submission in Poland and we expect to start importing Tilray branded and white label products into Poland in September 2022.~~ Wholesale In Canada, we are authorized to sell wholesale bulk and finished cannabis products to other licensees under the Cannabis Regulations. The bulk wholesale sales and distribution channel requires minimal selling, administrative, and fulfillment costs. Our focus on the right strain assortment, quality of flower, extraction capabilities and processing, enables us to drive wholesale channel opportunities for revenue growth. Changes in the Canadian market continue to result in more competitors moving towards an asset light model through the rationalization of cultivation facilities. As this transition occurs, the Company anticipates demand for its saleable flower to increase, providing new opportunities in the wholesale channel. We also intend to expand our capabilities outside of saleable flower, as our quality of extraction processes continue to grow into new categories including the latest in cannabis 3. 0 products. We plan to be selective in choosing partners, with the intent to secure supply agreements to further optimize and drive efficiency within our supply chain and operations. While we intend to pursue wholesale sales channels as part of our growth strategies in Canada, these sales will continue to be used to aid in balancing inventory levels. Wellness Sales and Distribution Our wellness sales consist of hemp ~~seed~~ and other hemp- based food products, which are sold to retailers, wholesalers, and direct to consumers. We are a leading provider of hemp seeds and related food products that are sold in over ~~17~~ **21** , 000 retail locations in the United States and Canada and available globally in ~~19~~ **18** countries. Beverage Alcohol Sales and Distribution In the U. S., our craft beer, including SweetWater, Alpine ~~and~~ **,** Green Flash **and Montauk** , are distributed under a three- tier model utilized for beverage alcohol. Distribution points include approximately 29, 000 off- premises retail locations ranging from independent bottle shops to national chains. SweetWater' s significant on- premises business allows consumers to enjoy its varietals in more than 10, 000 restaurants and bars. Further, in addition to its traditional distribution footprint, SweetWater Elevated HAZY IPA ~~is~~ **and 420 Strain series are** served on all Delta Air Lines flights nationwide plus internationally, totaling more than 50 countries across six continents which have served to extend SweetWater' s brand reach on both a national and international level. The Company supplements this distribution with Delta Air Lines through a kiosk in Atlanta' s Hartsfield- Jackson Airport and secured access to distribute through an on- premises location at the Denver International Airport. SweetWater is also available in Canada through limited distribution within Ontario and Quebec. **Montauk is distributed across over 6, 400 points of distribution, including many of the top national retailers.** In addition, our craft spirit brands from Breckenridge are distributed in all 50- states, and in two on- premises tasting and retail store locations. Breckenridge is also distributed in 8 different countries, including Canada, Germany, UK ~~, Hong Kong~~ , Macau, Australia, New Zealand, and Singapore, with the intention of further expanding our international distribution. Regulatory Environment Canadian Medical and Adult- Use Medical and adult- use cannabis in Canada is regulated under the federal Cannabis Act (Canada) (the " Cannabis Act ") and the Cannabis Regulations (" CR ") promulgated under the Cannabis Act. Both the Cannabis Act and CR came into force in October 2018, superseding earlier legislation that only permitted commercial distribution and home cultivation of medical cannabis. The following are the highlights of the current federal legislation: • a federal license is required for companies to cultivate, process and sell cannabis for medical or non- medical purposes. Health Canada, a federal government entity, is the oversight and regulatory body for cannabis licenses in Canada; • allows individuals to purchase, possess and cultivate limited amounts of cannabis for medical purposes and, for individuals over the age of 18 years, for adult- use recreational purposes; • enables the provinces and territories to regulate other aspects associated with recreational adult- use. In particular, each province or territory may adopt its own laws governing the distribution, sale and consumption of cannabis and cannabis accessory products, and those laws may set lower maximum permitted quantities for individuals and higher age requirements; **12** • promotion, packaging and labelling of cannabis is strictly regulated. For example, promotion is largely restricted to the place of sale and age- gated environments (i. e., environments with verification measures in place to restrict access to persons of legal age). Promotions that appeal to underage individuals are prohibited; • since the current federal regime came into force on October 17, 2018, certain classes of cannabis, including dried cannabis and oils, have been permitted for sale into the medical and adult- use markets; • following amendments to the CR that came into force on October 17, 2019 (often referred to as Cannabis 2. 0 regulations), other non- combustible form- factors, including edibles, topicals, and extracts (both ingested and inhaled), are permitted in the medical and adult- use markets; • export is restricted to medical cannabis, cannabis for scientific purposes, and industrial hemp; and • sale of medical cannabis occurs on a direct- to- patient basis from a federally licensed provider, while sale of adult- use cannabis occurs through retail- distribution models established by provincial and territorial governments. All provincial and territorial governments have, to varying degrees, enacted regulatory regimes for the distribution and sale of recreational adult- use cannabis within their jurisdiction, including minimum age requirements. The retail- distribution models for adult- use cannabis varies nationwide: • Quebec, New Brunswick, Nova Scotia and Prince Edward Island adopted a government- run model for retail and distribution; • Ontario, British Columbia, Alberta, and Newfoundland and Labrador adopted a hybrid model with some aspects, including distribution and online retail being government- run while allowing for private licensed retail stores; • Manitoba and Saskatchewan adopted a private model, with privately- run retail stores and online sales, with distribution in Manitoba managed by the provincial government; • the three northern territories of Yukon, Northwest Territories and Nunavut adopted a model that mirrors their government- run liquor distribution model. In addition, the cannabis industry is subject to substantial federal and provincial excise taxes. Excise taxes may be increased in the future by the federal or any provincial government or both. United States Regulation of Hemp- Based CBD Hemp products are subject to state and federal regulation in respect to the production, distribution and sale of products intended for human ingestion or topical application. Hemp is categorized as Cannabis sativa L., a subspecies of the cannabis genus. Numerous unique, chemical compounds are extractable from Hemp, including CBD. Hemp, as defined in the Agriculture Improvement Act of 2018 (the " 2018 Farm Bill "), is distinguishable from marijuana, which also comes from the Cannabis sativa L. subspecies, by its absence of more than trace amounts (0. 3 % or less) of the psychoactive compound THC. **13** The 2018 Farm Bill preserves the authority and jurisdiction of the Food and Drug Administration (the " FDA "), under the Food Drug & Cosmetic Act (the " FD & C Act "), to regulate the manufacture, marketing, and sale of food, drugs, dietary supplements, and cosmetics, including products that contain Hemp extracts and derivatives, such as CBD. As a result, the FD & C Act will continue to apply to Hemp- derived food, drugs, dietary supplements, cosmetics, and devices introduced, or prepared for introduction, into interstate commerce. **The 2018 Farm Bill has also enabled production of hemp seed in the U. S. and the FDA approved these products for sale as a food by acknowledging them as GRAS (Generally Recognized as Safe).** As a producer and marketer of Hemp- derived **products and hemp seed- derived food** products, the Company must comply with the FDA regulations applicable to manufacturing and marketing of certain products, including food, dietary supplements, and cosmetics. As a result of the 2018 Farm Bill, federal law dictates that CBD derived from Hemp is not a controlled substance; however, CBD derived from Hemp may still be considered a controlled substance under applicable state law. Individual states take varying approaches to regulating the production and sale of Hemp and Hemp- derived CBD. Some states explicitly authorize and regulate the production and sale of Hemp- derived CBD or otherwise provide legal protection for authorized individuals to engage in commercial Hemp activities. Other states, however, maintain drug laws that do not distinguish between marijuana and Hemp and / or Hemp- derived CBD which results in Hemp being classified as a controlled substance under certain state laws. European Union Medical Use While each country in the European Union (" EU ") has its own laws and regulations, many common practices are being adopted relative to the developing and growing medical cannabis market. For example, to ensure quality and safe products for patients, many EU countries only permit the import and sale of medical cannabis from EU- GMP certified manufacturers. The EU requires adherence to EU- GMP standards for the manufacture of active substances and medicinal products, including cannabis products. The EU system for certification of GMP allows a Competent Authority of any EU member state to conduct inspections of manufacturing sites and, if the strict EU- GMP standards are met, to issue a certificate of EU- GMP compliance that is also accepted in other EU member countries. Craft Brewing in the United States The alcoholic beverage industry in the United States is regulated by federal, state and local governments. These regulations govern the production, sale and distribution of alcoholic beverages, including permitting, licensing, marketing and advertising. To operate their production facilities, SweetWater and Breckenridge must obtain and maintain numerous permits, licenses and approvals from various governmental agencies, including but not limited to, the Alcohol and Tobacco Tax and Trade Bureau (the " TTB "), the FDA, state alcohol regulatory agencies and state and federal environmental agencies. Our brewery operations are subject to audit and inspection by the TTB at any time. In addition, the alcohol industry is subject to substantial federal and state excise taxes. Excise taxes may be increased in the future by the federal government or any state government or both. In the past, increases in excise taxes on alcoholic beverages have been considered in connection with various governmental budget- balancing or funding proposals. Environmental Regulation Our cannabis, brewing and spirits operations are subject to a variety of federal, state and local environmental laws and regulations and local permitting requirements and agreements regarding, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. In addition, any new products introduced by us are subject to a comprehensive environmental assessment by an independent third- party expert, including an assessment of how such products may create environmental risks. While we have no reason to believe the operation of our facilities violates any such regulation or requirement, including the Clean Air Act, the Clean Water Act and the Resource Conservation and Recovery Act, environmental regulation is evolving in a manner which may require stricter standards and enforcement, increased fines and penalties for non- compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. If a violation were to occur, or if environmental regulations were to become more stringent in the future, we could be adversely affected. **14** Competitive Conditions Cannabis Market We continue to face intense competition from the illicit market as well as other companies, some of which may have longer operating histories and more financial resources and manufacturing and marketing experience. With potential consolidation in the cannabis industry, we could face increased competition by larger and better financed competitors. Growers of cannabis and retailers operating in the illicit market continue to hold significant market share in Canada and are effectively competitors to our business. Illicit market participants divert customers away through product offering, price point, anonymity and convenience. Outdoor cultivation also significantly reduces the barrier to entry by reducing the start- up capital required for new entrants in the cannabis industry. It may also ultimately lower prices as capital expenditure requirements related to growing outside are typically much lower than those associated with indoor growing. Further, the licensed outdoor cultivation capacity is extremely large. While outdoor cultivation is almost exclusively extraction grade, its presence in the market will have a negative effect on pricing of extraction grade wholesale cannabis. As of ~~July 22~~ **May 31** , ~~2022~~ **2023** , Health Canada has issued approximately ~~870~~ **980** active licenses to cannabis cultivators, processors and sellers. Health Canada licenses are limited to individual properties. As such, if a licensed producer seeks to commence production at a new site, it must apply to Health Canada for a new license. As of May 31, ~~2022~~ **2023** , ~~roughly~~ **approximately** 3, ~~000~~ **700** authorized retail cannabis stores have opened across Canada. As demand for legal cannabis increases and the number of authorized retail distribution points increases, we believe new competitors are likely to enter the Canadian cannabis market. Nevertheless, we believe our brand recognition combined with the quality, consistency, and variety of cannabis products we offer will allow us to maintain a prominent position in the Canadian adult use and medical markets. Competition is also based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing and promotional activity, the ability to identify and satisfy consumer preferences, as well as convenience and service. Internationally, cannabis companies are limited to those countries which have legalized aspects of the cultivation, distribution, sale or use of cannabis. We focused on developing assets in certain strategic international jurisdictions, which maintain legalized aspects of the cannabis business. We possess operational hubs in continents with significant growth opportunities and the production capability and distribution network to distribute such products throughout the region served by each hub. The barrier to entry for competitors in these jurisdictions is significantly influenced by the national regulatory landscape with respect to cannabis and the economic climate subsisting in each region. We expect more countries to pass regulation allowing for the use of medical and / or recreational cannabis. While expansion of the global cannabis market will provide more opportunities to grow our international business, we also expect to experience increased global competition. Craft Brewing and Craft Distillery Markets Through SweetWater **, Montauk** and Breckenridge, we compete in the craft brewing and distillery markets, respectively, as well as in the much larger alcohol beverage market, which encompasses domestic and imported beers, flavored alcohol beverages, spirits, wine, hard ciders and hard seltzers. With the proliferation of participants and offerings in the wider alcohol beverage market and within the craft beer and craft spirits segments, we face significant competition. There have also been numerous acquisitions and investments in craft brewers by larger breweries and private equity and other investors, which further intensified competition within the craft beer market. While the craft beer and craft spirits markets are highly competitive, we believe that we possess certain competitive advantages. Our unique portfolio combines an award- winning lineup of craft beers and craft spirits with a unique portfolio of brands closely aligned with a cannabis lifestyle, and supported by state- of- the- art breweries and distilleries and strong distribution across the United States. Additionally, as domestic breweries and distillery, we maintain certain competitive advantages over imported beers and spirits, such as lower transportation costs, a lack of import charges and superior product freshness. **15** Seasonality SweetWater' **s and Montauk'** s sales of craft beer and Breckenridge' s sales of craft spirits generally reflect a degree of seasonality, with comparatively higher sales in the summer and the winter holiday season. Typically, the demand for cannabis and hemp- based products is fairly consistent throughout the calendar year ~~. Moreover~~ , **with an increase in** the **pre** ~~impact of COVID~~ - **roll cannabis category in the Canadian adult-** ~~19 on customer behavior and access to our products may cause~~ - **use market during the summer months** ~~temporary seasonal fluctuations or changes to our businesses~~ . Therefore, the results for any particular quarter may not be indicative of the results to be achieved for the full year. **Environmental and Social Tilray recognizes the importance of climate change and the potential risks it poses to our business and the environment. We are committed to playing our part in mitigating climate change by monitoring our greenhouse gas (GHG) emissions, minimizing our environmental footprint, and promoting sustainable practices within our operations. We understand that climate change presents both risks and opportunities to our**

business. As a global cannabis- lifestyle and consumer packaged goods company, we recognize that climate- related risks may include changing weather patterns, water scarcity, and regulatory developments related to emissions and energy consumption. These risks can affect our supply chain, cultivation processes, and distribution networks, potentially impacting our financial performance. On the other hand, we see opportunities in adopting sustainable practices, developing innovative solutions, and embracing renewable energy sources. By proactively managing climate- related risks and identifying opportunities, we aim to enhance our resilience, reduce costs, and create long- term value for our shareholders. As such, the Company has implemented several initiatives to address climate change and promote sustainability across our operations which include: • GHG Emissions Monitoring: We are committed to monitoring our GHG emissions by assessing energy- efficient technologies, optimizing transportation logistics, and monitoring our energy consumption. • Supply Chain Sustainability: We are working closely with our suppliers to encourage innovative solutions to improve our environmental footprint. This includes assessing suppliers' environmental performance, promoting responsible sourcing, and supporting initiatives that enhance sustainability throughout the value chain. Specifically, in our Cannabis business we recently adopted the use of biodegradable Hemp packaging on certain products to reduce the use of single- use plastics. • Waste Management: We have implemented waste management programs to minimize waste generation and promote recycling and reuse. Through these efforts, we strive to reduce our environmental impact and contribute to the circular economy. As a socially responsible corporation, Tilray recognizes the importance of addressing the social dimensions of our operations and their impact on various stakeholders. We actively engage with the communities in which we operate, understanding that our success is intertwined with their well-being. Through donations to the Erie Shores Community Hospital in Leamington, support to our Canadian veterans and other compassionate use cannabis programs, and donations from SweetWater to Ch8sing Waterfalls in Atlanta, a non-profit focused on empowering women of color, we aim to address local needs and contribute to social development. Additionally, the Company donated a substantial amount of medical supplies from our subsidiary CC Pharma, to the Ukraine to aid them during the existing conflict. We strive to help inspire and empower the worldwide community to live their very best life, and build long- lasting relationships based on trust and mutual benefit. Employees and Human Capital Resources **Our Commitments and Values Our vision and purpose unite, inform and inspire our employees to apply their talents to make a positive difference. We foster a collaborative and dynamic work environment providing all employees with the opportunity to work cross- functionally and easily gain exposure to other teams' diverse opinions and perspectives. We strive for every employee to reach their full potential and grow with Tilray. We continue to focus on developing a culture of compliance, which includes annual training for the Company' s employees on applicable corporate policies, including our Code of Conduct, Insider Trading and Trading Window Policy, Corporate Governance Guidelines and Open Door Policy for Reporting Complaints Regarding Accounting and Auditing Matters. 16 In an emerging and constantly evolving industry, our values unite us, informing and inspiring the way we work with one another and our patients, consumers, customers and partners. The following core values serve as our compass in our strategic direction and decisions: • We foster a culture of openness, inclusivity and belonging; • We continually set the bar higher for ourselves and are resilient and adaptive in the face of change; • We make choices rooted in the belief that transparency, integrity & accountability are at the core of all that we do; and • We strive for excellence and are steadfast yet agile in the pursuit of our goals. At Tilray, we recognize that our people are our greatest asset, and we strive to create a workplace that fosters their growth, development, and wellbeing.** As of May 31, ~~2022~~ **2023** , we have approximately 1, ~~800~~ **600** employees worldwide. We consider relations with our employees to be good and have never experienced work stoppages. Aside from Portugal, none of our employees are represented by labor unions or are subject to collective bargaining agreements. As is common for most companies doing business in Portugal, we are subject to a government- mandated collective bargaining agreement which grants employees nominal additional benefits beyond those required by the local labor code. **Our human capital resource management approach is centered on the following key areas: • Talent Acquisition and Development. We have implemented a comprehensive talent acquisition and development program to attract, retain, and develop our employees. This includes regular performance assessments, feedback mechanisms, and opportunities for skill- building and career advancement. • Diversity and Inclusion.** We are committed to ~~establishing~~ **creating** a **diverse** ~~leadership team~~ and ~~corporate culture that promotes inclusion~~ **inclusive workplace, where all employees feel valued, respected,** and **supported. We have globally mandated unconscious bias training, and are focused on setting strategies for increasing** diversity **, promoting inclusivity,** ~~as we continue to grow our business~~ and ~~expand our footprint~~ **reducing biases across the organization** . Diversity and inclusion is a priority for our company, and we seek out talented people from a variety of backgrounds to staff our teams in all our markets. **• Health** ~~Aligned with our mission~~ and **Safety** ~~values, this strategy will shape our future as a leading employer. Our vision and purpose unite, inform and inspire our employees to apply their talents to make a positive difference~~ . We **are committed to** ~~foster a collaborative and dynamic work environment~~ providing **a safe and healthy workplace for** all employees **. We have implemented strict health** ~~with the opportunity to work cross- functionally~~ and ~~easily gain exposure to other team' s diverse opinions~~ **safety protocols, including regular safety training, ergonomic assessments,** and ~~perspectives~~ **mental health support. • Compensation and Benefits** . We strive ~~for every~~ **to provide competitive compensation and benefits packages that align with industry standards and reflect the value that our employees bring to the organization. • Employee Engagement. We prioritize** employee **engagement** ~~to reach their full potential~~ and ~~grow with Tilray~~ **satisfaction, as we believe that engaged employees are more productive, innovative, and committed** . Available Information Our website address is www. tilray. com. We file or furnish annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission (" SEC "). You may obtain a copy of any of these reports, free of charge, from the investors section of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains an Internet site that also contains these reports at: www. sec. gov. In addition, copies of our annual report are available, free of charge, on written request to us. We have a Code of Conduct that applies to our Board of Directors (" Board ") and all of our officers and employees, including, without limitation, our Chief Executive Officer and Chief Financial Officer. You can obtain a copy of our Code of Conduct, as well as our Corporate Governance Guidelines and charters for each of the Board' s standing committees, from the Investors section of our website at: www. tilray. com. If we change or waive any portion of the Code of Conduct that applies to any of our directors, executive officers or senior financial officers, we will disclose such information. Information on our website is not incorporated by reference into this Form 10- K or any other report filed with the SEC. **17** Item 1A. Risk Factors. Risks Related to each of the HEXO Transaction and MedMen Investment We may experience difficulties **integrating** ~~realizing a return on our investment and achieving the expected production efficiencies and potential cost saving synergies resulting from~~ Tilray **and HEXO** ' s ~~commercial transaction with~~ **operations and realizing the expected benefits of the Arrangement Agreement. The success of the Arrangement Agreement will depend in part on our ability to realize the expected operational efficiencies and associated cost synergies and anticipated business opportunities and growth prospects from combining Tilray and** HEXO ~~,~~ **in** ~~and~~ - **an efficient** ~~we have made substantial commitments of resources~~ and **effective manner** ~~capital in connection with each of the HEXO transaction and MedMen investment. On July 12, 2022 we closed the HEXO transaction pursuant to which, among other things, Tilray acquired all of the outstanding principal and interest under a secured convertible note (the " HEXO Note ") issued by HEXO Corp. (" HEXO ") with certain amendments. The HEXO transaction also provided for Tilray and HEXO to enter into commercial agreements providing for co- manufacturing by each of Tilray and HEXO, exclusive supply by Tilray to HEXO of cannabis products for international markets, provisioning by Tilray to HEXO of advisory services and procurement and selling and administrative services. As part of the transaction, Tilray delivered consideration totaling approximately $ 155 million, representing a substantial investment of resources and capital by the Company~~ . We may not be able to fully realize the ~~production~~ **operational** efficiencies and **associated** cost synergies **or leverage the potential business opportunities and growth prospects** to the extent anticipated or at all. **Additionally, closing of the Arrangement transactions remains subject to the satisfaction of various closing conditions set forth in the Arrangement Agreement.** ~~There~~ -- **The** ~~can also~~ **Arrangement Agreement was entered into on April 10, 2023, which closed on June 22, 2023, and we are in the early stages of our integration efforts. The integration of operations and corporate and administrative infrastructures may require substantial resources and divert management attention. Challenges associated with the integration may include those related to retaining and motivating executives and other key employees, blending corporate cultures, eliminating duplicative operations, and making necessary modifications to internal control over financial reporting and other policies and procedures in accordance with applicable laws. Some of these factors are outside our control, and any of them could delay or increase the cost of our integration efforts. The integration process could take longer than anticipated and could result in the loss of key employees, the disruption of each company' s ongoing businesses, increased tax costs, inefficiencies, and inconsistencies in standards, controls, information technology systems, policies and procedures, any of which could adversely affect our ability to maintain relationships with employees, customers or other third parties, or our ability to achieve the anticipated benefits of the transaction, and could harm our financial performance. If we are unable to successfully integrate certain aspects of the operations of Tilray and HEXO or experience delays, we may incur unanticipated liabilities and** be ~~no assurance that~~ **unable to fully realize the potential benefit of the revenue growth, synergies and other anticipated benefits resulting from the arrangement, and our business, results of operations and financial condition could be adversely affected. Even if** we **are** ~~will be~~ able to ~~realize~~ **successfully close** the ~~expected return on our~~ **Arrangement transactions, the foregoing risks for the Company would still exist. We have made substantial commitments of resources and capital in connection with the MedMen** investment ~~though the recent acquisition of the HEXO Note~~ . Also, on August 13, 2021 the Company ~~and~~ acquired $ 165. 8 million of certain senior secured convertible notes and related warrants issued by MedMen Enterprises Inc., via the Company' s ownership interest in a limited partnership. These investments, separately and in the aggregate, represent a significant commitment of capital by the Company, and there can be no assurance that the Company will be able to realize returns on these investments or recoup its initial investments. Risks Related to the Cannabis Business Our cannabis business is dependent upon regulatory approvals and licenses, ongoing compliance and reporting obligations, and timely renewals. Our ability to cultivate, process, and sell medical and adult- use cannabis, cannabis- derived extracts and derivative cannabis products in Canada is dependent on maintaining the licenses issued to our operating subsidiaries by Health Canada under the Cannabis Regulations, or CR. These licenses allow us to produce cannabis in bulk and finished forms and to sell and distribute such cannabis in Canada. They also allow us to export medical cannabis in bulk and finished form to and from specified jurisdictions around the world, subject to obtaining, for each specific shipment, an export approval from Health Canada and an import approval (or no objection notice) from the applicable regulatory authority in the country to or from which the export or import is being made. These CR licenses and other approvals are valid for fixed periods and we must obtain renewals on a periodic basis. There can be no assurance that existing licenses will be renewed or new licenses obtained on the same or similar terms as our existing licenses, nor can there be any assurance that Health Canada will continue to issue import or export permits on the same terms or on the same timeline, or that other countries will allow, or continue to allow, imports or exports. **18** We are also required to obtain and maintain certain permits, licenses or other approvals from regulatory agencies in countries and markets outside of Canada in which we operate or to which we export our product, including, in the case of certain countries, the ability to demonstrate compliance with EU- GMP standards. We have received certification of compliance with EU- GMP standards for cultivation and production at Tilray Portugal and Aphria RX in Germany, as well as Part II EU- GMP certification for Aphria One and Part I EU- GMP certification for ARA- Avanti Rx Analytics Inc.' s (" Avanti ") approved facility. These GMP certified facilities are subject to extensive ongoing compliance reviews to ensure that we continue to maintain compliance with current GMP standards. There can be no assurance that we will be able to continue to comply with these standards.

Moreover, future governmental actions in countries where we operate, or export products, may limit or altogether restrict the import and / or export of cannabis products. Any future cannabis production facilities that we operate in Canada or elsewhere will also be subject to separate licensing requirements under the CR or applicable local requirements. Although we believe that we will meet the requirements for future renewals of our existing licenses and obtain requisite licenses for future facilities, there can be no assurance that existing licenses will be renewed or new licenses obtained on the same or similar terms as our existing licenses, nor can there be any assurance that Health Canada will continue to issue import or export permits on the same terms or on the same timeline, or that other countries will allow, or continue to allow, imports or exports. An agency' s denial of or delay in issuing or renewing a permit, license or other approval, or revocation or substantial modification of an existing permit, license or approval, could restrict or prevent us from continuing the affected operations, or limit the export and / or import of our cannabis products. In addition, the export and import of cannabis is subject to United Nations treaties establishing country- by- country national estimates and our export and import permits are subject to these estimates which could limit the amount of cannabis we can export to any particular country. Further, our facilities are subject to ongoing inspections by the governing regulatory authority to monitor our compliance with their licensing requirements. Our existing licenses and any new licenses that we may obtain in the future in Canada or other jurisdictions may be revoked or restricted in the event that we are found not to be in compliance. Should we fail to comply with the applicable regulatory requirements or with conditions set out under our licenses, should our licenses not be renewed when required, be renewed on different terms, or be revoked, we may not be able to continue producing or distributing cannabis in Canada or other jurisdictions or to import or export cannabis products. In addition, we may be subject to enforcement proceedings resulting from a failure to comply with applicable regulatory requirements in Canada or other jurisdictions, which could result in damage awards, the suspension, withdrawal or non- renewal of our existing approvals or denial of future approvals, recall of products, the imposition of future operating restrictions on our business or operations or the imposition of fines or other penalties. We operate in a highly regulated and rapidly evolving industry. The successful execution of our business objectives is contingent upon compliance with all applicable laws and regulatory requirements in Canada (including the Cannabis Act and CR), Europe and other jurisdictions, and obtaining all required regulatory approvals for the production, sale, import and export of our cannabis products. The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen. Any amendment to or replacement of existing laws, regulations, guidelines or policies may cause adverse effects to our operations, financial condition, results of operations and prospects. The federal legislative framework pertaining to the Canadian cannabis market is still very new. In addition, the governments of every Canadian province and territory have implemented different regulatory regimes for the distribution and sale of cannabis for adult- use purposes within those jurisdictions. There is no guarantee that the Canadian legislative framework regulating the cultivation, processing, distribution and sale of cannabis will not be amended or replaced or the current legislation will create the growth opportunities we currently anticipate. In the United States, despite cannabis having been legalized at the state level for medical use in many states and for adult- use in a number of states, cannabis meeting the statutory definition of " marijuana " continues to be categorized as a Schedule I controlled substance under the federal Controlled Substances Act, or the CSA, and subject to the Controlled Substances Import and Export Act, or the CSIEA. Hemp and marijuana both originate from the Cannabis sativa plant and CBD is a constituent of both. " Marihuana " or " marijuana " is defined in the CSA as a Schedule I controlled substance whereas " hemp " is essentially any parts of the Cannabis sativa plant that has not been determined to be marijuana. Pursuant to the 2018 Farm Bill, " hemp, " or cannabis and cannabis derivatives containing no more than 0. 3 % of tetrahydrocannabinol, or THC, is now excluded from the statutory definition of " marijuana " and, as such, is no longer a Schedule I controlled substance under the CSA. As a result, our activity in the United States is limited to (a) certain corporate and administrative services, including accounting, legal and creative services, (b) supply of study drug for clinical trials under DEA and FDA authorization, and (c) participation in the market for hemp and hemp- derived products containing CBD in compliance with the 2018 Farm Bill.
There can be no assurance that the United States will implement federal legalization of cannabis. With respect to CBD and hemp, while the 2018 Farm Bill exempts hemp and hemp derived products from the CSA, the commercialization of hemp products in the United States is subject to various laws, including the 2018 Farm Bill, the FD & C Act, the Dietary Supplement Health and Education Act, or (the " DSHEA "), applicable state and / or local laws, and FDA regulations. See also Risk Factor " United States regulations relating to hemp- derived CBD products are new and rapidly evolving, and changes may not develop in the timeframe or manner most favorable to our business objectives ". Our ability to expand internationally is also contingent, in part, upon compliance with applicable regulatory requirements enacted by governmental authorities and obtaining all requisite regulatory approvals. We cannot predict the impact of the compliance regime that governmental authorities may implement to regulate the adult- use or medical cannabis industry. Similarly, we cannot predict how long it will take to secure all appropriate regulatory approvals for our products, or the extent of testing and documentation that may be required by governmental authorities. The impact of the various compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, financial condition, results of operations and prospects. As the commercial cannabis industry develops in Canada and other jurisdictions, we anticipate that regulations governing cannabis in Canada and globally will continue to evolve. Further, Health Canada or the regulatory authorities in other countries in which we operate or to which we export our cannabis products may change their administration or application of the applicable regulations or their compliance or enforcement procedures at any time. There is no assurance that we will be able to comply or continue to comply with applicable regulations, which could impact our ability to continue to carry on business as currently conducted and the potential expansion of our business. We currently incur and will continue to incur ongoing costs and obligations related to regulatory compliance. A failure on our part to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on our business or operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events

could require extensive changes to our operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Our cultivation and processing facilities are integral to our business and the licenses issued by applicable regulatory authorities is specific to each of these facilities. Adverse changes or developments affecting these facilities, including, but not limited to, disease or infestation of our crops, a fire, an explosion, a power failure, a natural disaster, an epidemic, pandemic or other public health crisis, or a material failure of our security infrastructure, could reduce or require us to entirely suspend operations at the affected facilities ~~. See also Risk Factor " Risks related to COVID - 19 "~~. A significant failure of our site security measures and other facility requirements, including failure to comply with applicable regulatory requirements, could have an impact on our ability to continue operating under our facility licenses and our prospects of renewing our licenses, and could also result in a suspension or revocation of these licenses. We face, and we expect to continue to face, intense competition from other Licensed Producers and other potential competitors, some of which have longer operating histories and more financial resources than we have. In addition, we anticipate that the cannabis industry will continue to undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities and product offerings that may be greater than ours. As a result of this competition, we may be unable to maintain our operations or develop them as currently proposed, on terms we consider acceptable, or at all. Health Canada has issued hundreds of licenses for Licensed Producers. The number of licenses granted and the number of Licensed Producers ultimately authorized by Health Canada could have an adverse impact on our ability to compete for market share in Canada. We expect to face additional competition from new market entrants and may experience downward price pressure on our cannabis products as new entrants increase production. If the number of users of cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies. **20** Our commercial opportunity in the medical and adult- use markets could also be impacted if our competitors produce and commercialize products that, among other things, are safer, more effective, more convenient or less expensive than the products that we may produce, have greater sales, marketing and distribution support than our products, enjoy enhanced timing of market introduction and perceived effectiveness advantages over our products and receive more favorable publicity than our products. To remain competitive, we intend to continue to invest in research and development, marketing and sales and client support. We may not have sufficient resources to maintain research and development, marketing and sales and client support efforts on a competitive basis. In addition to the foregoing, the legal landscape for medical and adult- use cannabis is changing internationally. We maintain operations outside of Canada, which may be affected as other countries develop, adopt and change their laws related to medical and adult- use cannabis. Increased international competition, including competition from suppliers in other countries who may be able to produce at lower cost, and limitations placed on us by Canadian or other regulations, might lower the demand for our cannabis products on a global scale. Competition from the illicit cannabis market could impact our ability to succeed. We face competition from illegal market operators that are unlicensed and unregulated including illegal dispensaries and illicit market suppliers selling cannabis and cannabis- based products. As these illegal market participants do not comply with the regulations governing the cannabis industry, their operations may have significantly lower costs. The perpetuation of the illegal market for cannabis may have a material adverse effect on our business, results of operations, as well as the perception of cannabis use. Furthermore, given the restrictions on regulated cannabis retail ~~, including those related to the COVID- 19 pandemic~~, it is possible that legal cannabis consumers revert to the illicit market as a matter of convenience. The cannabis industry and market are relatively new and evolving, which could impact our ability to succeed in this industry and market. We are operating our business in a relatively new industry and market that is expanding globally, and our success depends on our ability to attract and retain consumers and patients. There are many factors which could impact our ability to attract and retain consumers and patients, including but not limited to brand awareness, our ability to continually produce desirable and effective cannabis products and the ability to bring new consumers and patients into the category. The failure to acquire and retain consumers and patients could have a material adverse effect on our business, financial condition, results of operations and prospects. To remain competitive, we will continue to innovate new products, build brand awareness and make significant investments in our business strategy and production capacity. These investments include introducing new products into the markets in which we operate, adopting quality assurance protocols and procedures, building our international presence and undertaking research and development. These activities may not promote our products as effectively as intended, or at all, and we expect that our competitors will undertake similar investments to compete with us for market share. Competitive conditions, consumer preferences, regulatory conditions, patient requirements, prescribing practices, and spending patterns in this industry and market are relatively unknown and may have unique characteristics that differ from other existing industries and markets and that cause our efforts to further our business to be unsuccessful or to have undesired consequences. As a result, we may not be successful in our efforts to attract and retain customers or to develop new cannabis products and produce and distribute these products in time to be effectively commercialized, or these activities may require significantly more resources than we currently anticipate in order to be successful. In Canada, there are significant regulatory restrictions on the marketing, branding, product formats, product composition, packaging, and distribution of adult- use cannabis products. For instance, the CR includes a requirement for health warnings on product packaging, the limited ability to use logos and branding (only one brand name and one brand element per package), restrictions on packaging itself, and restrictions on types and avenues of marketing. Cannabis 2. 0 regulations, which govern the production and sale of new classes or forms of cannabis products (including vapes and edibles), impose considerable restrictions on product composition, labeling, and packaging in addition to being subject to similar marketing restrictions as existing form factors. **21** Further, each province and territory of Canada has the ability to separately regulate the distribution of cannabis within such province or territory (including the legal age), and the rules and regulations adopted vary significantly. Additional marketing and product composition restrictions have been imposed by some provinces and territories. Such federal and provincial restrictions may impair our ability to differentiate our products and develop our adult- use brands. Some provinces and territories also impose significant restrictions on our ability to merchandise products; for example, some provinces impose restrictions on investment in retailers or distributors as well as in our ability to negotiate for preferential retail space or in- store marketing. If we are unable to effectively market our products and compete for market share, our sales and results of operations may be adversely affected. Research regarding the health effects of cannabis is in relatively early stages and subject to further study which could impact demand for cannabis products. Research and clinical trials on the potential benefits and the short- term and long- term effects of cannabis use on human health remains in relatively early stages and there is limited standardization. As such, there are inherent risks associated with using cannabis and cannabis derivative products. Moreover, future research and clinical trials may draw opposing conclusions to statements contained in articles, reports and studies we relied on or could reach different or negative conclusions regarding the benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for our products. Our participation in the market for hemp- derived CBD products in the United States and elsewhere may require us to employ novel approaches to existing regulatory pathways. Although the passage of the 2018 Farm Bill legalized the cultivation of hemp in the United States to produce products containing CBD and other non- THC cannabinoids, it remains unclear whether and when the FDA will propose or implement new or additional regulations. While, to date, there are no laws or regulations enforced by the FDA which specifically address the manufacturing, packaging, labeling, distribution, or sale of hemp or hemp- derived CBD products and the FDA has issued no formal regulations addressing such matters, the FDA has issued various guidance documents and other statements reflecting its non- binding opinion on the regulation of such products. The hemp plant and the cannabis / marijuana plant are both part of the same cannabis sativa genus / species of plant, except that hemp, by definition, has less than 0. 3 % THC content, but the same plant with a higher THC content is cannabis / marijuana, which is legal under certain state laws, but which is not legal under United States federal law. The similarities between these two can cause confusion, and our activities with legal hemp in the United States may be incorrectly perceived as us being involved in federally illegal cannabis. The FDA has stated in guidance and other public statements that it is prohibited to sell a food, beverage or dietary supplement to which THC or CBD has been added. While the FDA does not have a formal policy of enforcement discretion with respect to any products with added CBD, the agency has stated that its primary focus for enforcement centers on products that put the health and safety of consumers at risk, such as those claiming to prevent, diagnose, mitigate, treat, or cure diseases in the absence of requisite approvals. While the agency' s enforcement to date has therefore focused on products containing CBD and that make drug- like claims, there is the risk that the FDA could expand its enforcement activities and require us to alter our marketing for our hemp- derived CBD products or cease distributing them altogether. The FDA could also issue new regulations that prohibit or limit the sale of hemp- derived CBD products. Such regulatory actions and associated compliance costs may hinder our ability to successfully compete in the market for such products. In addition, such products may be subject to regulation at the state or local levels. State and local authorities have issued their own restrictions on the cultivation or sale of hemp or hemp- derived CBD. This includes laws that ban the cultivation or possession of hemp or any other plant of the cannabis genus and derivatives thereof, such as CBD. State regulators may take enforcement action against food and dietary supplement products that contain CBD, or enact new laws or regulations that prohibit or limit the sale of such products. The regulation of hemp and CBD in the United States has been constantly evolving, with changes in federal and state laws and regulation occurring on a frequent basis. Violations of applicable FDA and other laws could result in warning letters, significant fines, penalties, administrative sanctions, injunctions, convictions or settlements arising from civil proceedings. Unforeseen regulatory obstacles or compliance costs may hinder our ability to successfully compete in the market for such products. **22** Risks related to the Beverage Alcohol Business If general consumer trends lead to a decrease in the demand for SweetWater' **s and Montauk'** s beers and other alcohol products or Breckenridge' s whiskey products, including craft beer, our sales and results of operations in the beverage alcohol segment may be adversely affected. There is no assurance that the craft brewing segment will experience growth in future periods. If the markets for wine, spirits or flavored alcohol beverages continue to grow, this could draw consumers away from the industry in general and our beverage alcohol products specifically. Further, the alcoholic beverage industry is subject to public concern and political attention over alcohol- related social problems, including drunk driving, underage drinking and health consequences from the misuse of alcohol. In reaction to these concerns, steps may be taken to restrict advertising, to impose additional cautionary labeling or packaging requirements, or to increase excise or other taxes on beverage alcohol products. Any such developments may have an adverse impact on the financial condition, operating results and cash flows for SweetWater **, Montauk** and Breckenridge. Developments affecting production at our brewery in Atlanta or our distillery in Breckenridge could negatively impact financial results for our beverage alcohol business segment. Adverse changes or developments affecting our brewery in Atlanta or our distillery in Breckenridge, including fire, power failure, natural disaster, public health crisis, or a material failure of our security infrastructure, could reduce or require us to entirely suspend operations. Additionally, due to many factors, including seasonality and production schedules of our various products and packaging, actual production capacity may fluctuate throughout the year and may not reach full working capacity. If we experience contraction in our sales and production volumes, the excess capacity and unabsorbed overhead may have an adverse effect on gross margins, operating cash flows and overall financial performance of SweetWater **, Montauk** or Breckenridge **. SweetWater, Breckenridge and Montauk each face substantial competition in the beer industry and the broader market for alcoholic beverage products which could impact our business and financial results** . The market for alcoholic beverage products within the United States is highly competitive due to the increasing number of domestic and international beverage companies with similar pricing and target drinkers, the introduction and expansion of hard seltzers and ready- to- drink beverages, gains in market share achieved by domestic specialty beers and imported beers, and the acquisition of craft brewers and smaller producers by larger companies. We anticipate competition among domestic craft brewers and distillers will also remain strong as existing facilities build more capacity, expand geographically and add more products, flavors and styles. The continued growth in the sales of hard seltzers, craftbrewed domestic beers and imported beers is expected to increase competition in the market for alcoholic beverages within the United States and, as a result, prices and market share of SweetWater' s **, Montauk Brewing' s** and Breckenridge' s products may fluctuate and possibly decline. The alcohol industry has seen continued consolidation among producers in order to take advantage of cost savings opportunities for supplies, distribution and operations. Due to the increased leverage that these combined operations have in distribution and sales and marketing expenses, the costs to SweetWater **, Montauk** and Breckenridge of competing could increase. The potential also exists for these large competitors to increase their influence with their distributors, making it difficult for smaller producers to maintain their market presence or enter new markets. The increase in the number and availability of competing products and brands, the costs to compete and potential decrease in distribution support and opportunities may adversely affect our business and financial results. **23** SweetWater ~~and~~ **,** Breckenridge **and Montauk** are ~~both~~ **each** dependent on distributors to deliver sustained growth and distribute products. In the United States, each of SweetWater ~~and~~ **,** Breckenridge **and Montauk** sells its alcohol beverages to independent distributors for distribution to retailers and, ultimately, to consumers. No assurance can be given that SweetWater ~~and~~ **,** Breckenridge **and Montauk** will be able to maintain their current distribution networks or secure additional distributors on favorable terms. If existing distribution agreements are terminated, it may not be possible to enter into new distribution agreements on substantially similar terms or to timely put in place replacement distribution agreements, which may result in an impairment to distribution and an increase in the costs of distribution. ~~Risks Related to COVID- 19 Risks related to the COVID- 19 pandemic have and may continue to impact our operations and adversely affect our business, results of operations and financial condition. On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus, or COVID- 19, a pandemic. The COVID- 19 pandemic continues to result in extended government- ordered measures affecting significant portions of the global economy, including in the United States, Canada, Portugal, Australia and Germany, where we conduct significant business. The public health crisis caused by COVID- 19 and the actions taken and continuing to be taken by governments, businesses and the public have adversely affected, and we expect will continue to adversely affect, our business, financial condition and results of operations. In connection with the COVID- 19 pandemic and to comply with mandates and guidance from governmental authorities, we continue to review and update our operational procedures and safety protocols at our facilities. If such measures are not effective or governmental authorities implement further restrictions, we may be required to take more extreme action, which could include a short or long- term closure of our facilities or reduction in workforce. These measures may impair our production levels or cause us to close or severely limit production at one or more facilities. Further, our operations could be adversely impacted if suppliers, contractors, customers and / or transportation carriers are restricted or prevented from conducting business activities. For example, cannabis retail stores in certain Canadian markets may close voluntarily or be forced by local governments to close or modify their operations, reducing our ability to distribute adult- use cannabis. While the United States and other jurisdictions have relaxed restrictions implemented in response to the COVID- 19 pandemic, the potential for new and more- transmissible variants, the situation remains dynamic and subject to rapid and possibly material changes.~~ General Business Risks and Risks Related to Our Financial Condition and Operations **Goodwill, intangible and other long- lived assets comprise a significant portion of our total assets. As of May 31, 2023 our goodwill and intangible assets totaled $ 2. 0 billion and $ 971. 3 million, respectively. We test goodwill and indefinite lived intangible assets for impairment annually, while our other long- lived assets, including our finite- lived intangible assets, are tested for impairment when circumstances indicate that the carrying amount may not be recoverable, in accordance with Generally Accepted Accounting Principles in the U. S. (" GAAP "). A decrease in our market capitalization or profitability, or unfavorable changes in market, economic or industry conditions could increase the risk of additional impairment. Any resulting additional impairments could have a negative impact on our stock price. For the year ended May 31, 2023, the Company recognized non- cash impairment charges of $ 603. 5 million in cannabis goodwill and $ 15 million in wellness goodwill, $ 205 million in intangible assets and $ 104 million in capital assets. These non- cash impairment charges were a result of a decline in the Company' s market value which was determined to be other than temporary, as well as increased borrowing rates which forced the Company to adjust the company specific risk premium. We will continue to monitor key assumptions and other factors utilized in our goodwill, intangible and other long- lived assets impairment analysis, and if business or other market conditions develop that are materially different than we currently anticipate, we will conduct an additional impairment evaluation. Any reduction in or impairment of the value of goodwill, intangible assets and long- lived assets will result in a charge against earnings, which could have a material adverse impact on our reported financial results.** We began operating in 2014 and have yet to generate a profit. We intend to continue to expend significant funds to explore potential opportunities and complete strategic mergers and acquisitions, invest in research and development, expand our marketing and sales operations and meet the compliance requirements as a public company. Our efforts to grow our business may be more costly than we expect and we may not be able to increase our revenue enough to offset higher operating expenses. We may incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described herein and other unknown events. The amount of future net losses will depend, in part, on the growth of our future expenses and our ability to generate revenue. If we continue to incur losses in the future, the net losses and negative cash flows incurred to date, together with any such future losses, will have an adverse effect on our stockholders' equity and working capital. Because of the numerous risks and uncertainties associated with producing and selling cannabis and beverage alcohol products, as outlined herein, we are unable to accurately predict when, or if, we will be able to achieve profitability. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. If we are unable to achieve and sustain profitability, the market price of our common stock may significantly decrease and our ability to raise capital, expand our business or continue our operations may be impaired. **24** Tilray has previously been named as a defendant in a class action relating to the prior merger of Privateer Holdings, Inc. with and into a wholly owned subsidiary (referred to as the Downstream Merger), and a class action related to the drop in our stock price. In addition, legal proceedings covering a wide range of matters are pending or threatened in various U. S. and foreign jurisdictions against the Company. The type of claims that may be raised in these proceedings include product liability, unfair trade practices, antitrust, tax, contraband shipments, patent infringement, employment matters, claims for contribution and claims of competitors, shareholders or distributors. Litigation is subject to uncertainty and it is possible that there could be adverse developments in pending or future cases. We are also subject to other litigation and demands relating to business decisions, regulatory and industry changes, supply relationships, and our business acquisition matters and related activities. Litigation may include claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages. Tilray and its various subsidiaries are also involved from time to time in other reviews, investigations and proceedings (both formal and informal) by governmental and self- regulatory agencies regarding our business. These matters could result in adverse judgments, settlements, fines, penalties, injunctions or other relief. We have incurred and may continue to incur substantial costs and expenses relating directly to these actions. Responding to such actions could divert management' s attention away from our business operations and result in substantial costs. For more information on our pending legal proceedings, see " Part I, Item 3. Legal Proceedings ". We are exposed to risks relating to the laws of various countries as a result of our international operations. We currently conduct operations in multiple countries and plan to expand these international operations. As a result of our operations, we are exposed to various levels of political, economic, legal and other risks and uncertainties associated with operating in or exporting to these jurisdictions. These risks and uncertainties include, but are not limited to, changes in the laws, regulations and policies governing the production, sale and use of our products, political instability, instability at the United Nations level, currency controls, fluctuations in currency exchange rates and rates of inflation, labor unrest, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation and changing political conditions and governmental regulations relating to foreign investment and the cannabis business more generally. Changes, if any, in the laws, regulations and policies relating to the advertising, production, sale and use of our products or in the general economic policies in these jurisdictions, or shifts in political attitude related thereto, may adversely affect the operations, or profitability of our operations, in these countries. As we explore novel business models, such as global co- branded products, cannabinoid clinics and cannabis retail, international regulations will become increasingly challenging to manage. Specifically, our operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on advertising, production, price controls, export controls, controls on currency remittance, increased income taxes, restrictions on foreign investment, land and water use restrictions and government policies rewarding contracts to local competitors or requiring domestic producers or vendors to purchase supplies from a particular jurisdiction. Failure to comply strictly with applicable laws, regulations and local practices could result in additional taxes, costs, civil or criminal fines or penalties or other expenses being levied on our international operations, as well as other potential adverse consequences such as the loss of necessary permits or governmental approvals. Furthermore, there is no assurance that we will be able to secure the requisite import and export permits for the international distribution of our products. Countries may also impose restrictions or limitations on imports that require the use of, or confer significant advantages upon, producers within that particular country. As a result, we may be required to establish facilities in one or more countries in the EU (or elsewhere) where we wish to distribute our products in order to take advantage of the favorable legislation offered to producers in these countries. **25** We are required to comply concurrently with all applicable laws in each jurisdiction where we operate or to which we export our products, and any changes to such laws could adversely impact our business. Various federal, state, provincial and local laws and regulations govern our business in the jurisdictions in which we operate or propose to operate, and in which we export or propose to export our products. Such laws and regulations include those relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of our products and of certain material used in our operations. In many cases, we must concurrently comply with complex federal, provincial, state and / or local laws in multiple jurisdictions. These laws change frequently and may be difficult to interpret and apply. Compliance with these laws and regulations requires the investment of significant financial and managerial resources, and a determination that we are not in compliance with any of these laws and regulations could harm our brand image and business. Moreover, it is impossible for us to predict the cost or effect of such laws, regulations or guidelines upon our future operations. Changes to these laws or regulations could negatively affect our competitive position within our industry and the markets in which we operate, and there is no assurance that various levels of government in the jurisdictions in which we operate will not pass legislation or regulation that adversely impacts our business. We currently have, and may adjust the scope of, and may in the future enter into, strategic alliances with ~~HEXO and other~~ third parties that we believe will complement or augment our existing business. Our ability to complete further strategic alliances is dependent upon, and may be limited by, among other things, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance our business or profitability and may involve risks that could adversely affect us, including the investment of significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. We may become dependent on our strategic partners and actions by such partners could harm our business. Future strategic alliances could result in the incurrence of debt, impairment charges, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all. Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) the potential disruption of our ongoing business; (ii) the distraction of management away from the ongoing oversight of our existing business activities; (iii) incurring additional indebtedness; (iv) the anticipated benefits and cost savings of those transactions not being realized fully, or at all, or taking longer to realize than anticipated; (v) an increase in the scope and complexity of our operations; (vi) the loss or reduction of control over certain of our assets; and (vii) capital stock or cash to pay for the acquisition. Material acquisitions and strategic transactions have been and continue to be material to our business strategy. There can be no assurance that we will find suitable opportunities for strategic transactions at acceptable prices, have sufficient capital resources to pursue such transactions, be successful in negotiating required agreements, or successfully close transactions after signing such agreements. There is no guarantee that any acquisitions will be accretive, or that past or future acquisitions will not result in additional impairments or write downs. The existence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition could result in our incurring those liabilities. A strategic transaction may result in a significant change in the nature of our business, operations and strategy, and we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our operations. We grow cannabis, which is an agricultural process. As such, our business is subject to the risks inherent in the agricultural business, including risks of crop failure presented by weather, **climate change, forest fires,** insects, plant diseases and similar agricultural risks. Although we primarily grow our products indoors under climate- controlled conditions, we also have certain outdoor cultivation capacity and there can be no assurance that natural elements, such as insects **, climate change** and plant diseases, will not interrupt our production activities or have an adverse effect on our business. **26** We derive a significant portion of revenue from the supply contracts we have with 12 Canadian provinces and territories for adult- use cannabis products. There are many factors which could impact our contractual agreements with the provinces and territories, including but not limited to availability of supply, product selection and the popularity of our products with retail customers. If our supply agreements with certain Canadian provinces and territories are amended, terminated or otherwise altered, our sales and results of operations could be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, not all of our supply contracts with the Canadian provinces and territories contain purchase commitments or otherwise obligate the provincial or territorial wholesaler to buy a minimum or fixed volume of cannabis products from us. The amount of cannabis that the provincial or territorial wholesalers may purchase under the supply contracts may therefore vary from what we expect or planned for. As a result, our revenues could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial or territorial wholesalers. In the future, these customers may decide to purchase less product from us than they have in the past, may alter purchasing patterns or return inventory, or may decide not to continue to purchase our products, any of which could cause our revenue to decline materially and materially harm our financial condition and results of operations. If we are unable to diversify our customer base, we will continue to be susceptible to risks associated with customer concentration. We may be unable to attract or retain key personnel, and we may be unable to attract, develop and retain additional employees required for our development and future success. Our success is largely dependent on the performance of our management team and certain employees and our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The loss of the services of any key personnel, or an inability to attract other suitably qualified persons when needed, could prevent us from executing on our business plan and strategy, and we may be unable to find adequate replacements on a timely basis, or at all. Further, officers, directors, and certain key personnel at each of our facilities that are licensed by Health Canada are subject to the requirement to obtain and maintain a security clearance from Health Canada under the CR. Moreover, under the CR, an individual with security clearance must be physically present on site when other individuals are conducting activities with cannabis. Under the CR, a security clearance is valid for a limited time and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by an individual in a key operational position to maintain or renew his or her security clearance could result in a reduction or complete suspension of our operations. In addition, if an individual in a key operational position leaves us, and we are unable to find a suitable replacement who is able to obtain a security clearance required by the CR in a timely manner, or at all, we may not be able to conduct our operations at planned production volume levels or at all. The CR also requires us to designate a qualified individual in charge who is responsible for supervising activities relating to the production of study drugs for clinical trials, which individual must meet certain educational and security clearance requirements. If our current designated qualified person in charge fails to maintain their security clearance, or leaves us and we are unable to find a suitable replacement who meets these requirements, we may no longer be able to continue our clinical trial activities. **27** Increased labor costs, potential organization of our workforce, employee strikes, and other labor- related disruption may adversely affect our operations. Outside Portugal, none of our employees are represented by a labor union or subject to a collective bargaining agreement. In Portugal, none of our employees are represented by a labor union or subject to any workforce- initiated labor agreement. As with other companies carrying on business in Portugal, we are subject to a government- mandated collective bargaining agreement, which grants employees nominal additional benefits beyond those required by the local labor code. We cannot assure that our labor costs going forward will remain competitive based on various factors, such as: (i) our workforce may organize in the future and labor agreements may be put in place that have significantly higher labor rates and company obligations; (ii) our competitors may maintain significantly lower labor costs, thereby reducing or eliminating our comparative advantages vis- à- vis one or more of our competitors or the larger industry; and (iii) our labor costs may increase in connection with our growth. Our business is dependent on a number of key inputs and their related costs (certain of which are sourced in other countries and on different continents), including raw materials, supplies and equipment related to our operations, as well as electricity, water and other utilities. We operate global manufacturing facilities, and have dispersed suppliers and customers. Governments may regulate or restrict the flow of labor or products, and the Company' s operations, suppliers, customers and distribution channels could be severely impacted. While we have not experienced any material supply chain disruptions, any significant future governmental- mandated or market- related interruption, price increase or negative change in the availability or economics of the supply chain for key inputs and, in particular, rising or volatile energy costs could curtail or preclude our ability to continue production. In addition, our operations would be significantly affected by a prolonged power outage. Our ability to compete is dependent on us having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that we will be successful in maintaining our required supply of labor, equipment, parts and components. In addition, the invasion of Ukraine by Russia and the resulting measures that have been taken, and could be taken in the future, have and may continue to have a negative impact on our costs, including for input materials, energy and transportation. Fluctuations in cannabinoid prices relative to contracted prices with third party suppliers could negatively impact our earnings. A portion of our results of operations and financial condition, as well as the selling prices for our products, are dependent upon cannabinoid supply contracts. Production and pricing of cannabinoids are determined by constantly changing market forces of supply and demand over which we have limited or no control. The market for cannabis biomass is particularly volatile compared to other commoditized markets due to the relatively nascent maturity of the industry in which we operate. The lack of centralized data and large variations in product quality make it difficult to establish a " spot price " for cannabinoids and develop an effective price hedging strategy. Accordingly, supply contracts with any term may prove to be costly in the future to the extent cannabinoid prices decrease dramatically or at a faster rate than anticipated. Our failure to successfully negotiate supply contracts that address such market vagaries could result in us being contractually obligated to purchase products, some of which may be priced above then- current market prices, or interruption of the supply of inputs for the manufacturing of our products, all of which could have a material adverse effect on our business, results of operations, financial condition, liquidity and prospects. We may be negatively impacted by volatility in the political and economic environment, and a period of sustained inflation across the markets in which we operate could result in higher operating costs. Trade, monetary and fiscal policies, and political and economic conditions may substantially change, and credit markets may experience periods of constriction and variability. These conditions may impact our business. Further rising inflation may negatively impact our business, raise cost and reduce profitability. While we would take actions, wherever possible, to reduce the impact of the effects of inflation, in the case of sustained inflation across several of the markets in which we operate, it could become increasingly difficult to effectively mitigate the increases to our costs. In addition, the effects of inflation on consumers' budgets could result in the reduction of our customers' spending habits. If we are unable to take actions to effectively mitigate the effect of the resulting higher costs, our profitability and financial position could be negatively impacted. **28** We face risks associated with the transportation of our products to consumers in a safe and efficient manner. We depend on fast, cost- effective, and efficient courier services to distribute our products to both wholesale and retail customers. Any prolonged disruption of third- party transportation services could have a material adverse effect on our sales volumes or satisfaction with our services. Rising costs associated with third- party transportation services used by us to ship our products may also adversely impact our profitability, and more generally our business, financial condition and results of operations. The security of our products during transportation to and from our facilities is of the utmost concern. A breach of security during transport or delivery could result in the loss of high- value product and forfeiture of import and export approvals, since such approvals are shipment specific. Any failure to take steps necessary to ensure the safekeeping of our cannabis products could also have an impact on our ability to continue supplying provinces and territories, to continue operating under our existing licenses, to renew or receive amendments to our existing licenses or to obtain new licenses. Manufacturers and distributors of cannabis, hemp and beverage alcohol products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, adulteration, unintended harmful side effects or interactions with other substances, packaging safety, and inadequate or inaccurate labeling disclosure. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. If any of the products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. As a result of any such recall, we may lose a significant amount of sales and may not be able to replace those sales at an acceptable gross profit or at all. In addition, a product recall may require significant management attention or damage our reputation and goodwill or that of our products or brands. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Any product recall affecting the cannabis industry more broadly, whether or not involving us, could also lead consumers to lose confidence in the safety and security of cannabis products generally, including products sold by us. We may be subject to product liability claims or regulatory action. This risk is exacerbated by the fact that cannabis use may increase the risk of serious adverse side effects. As a manufacturer and distributor of products which are ingested by humans, we face the risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused loss or injury. We may be subject to these types of claims due to allegations that our products caused or contributed to injury or illness, failed to include adequate instructions for use or failed to include adequate warnings concerning possible side effects or interactions with other substances. This risk is exacerbated by the fact that cannabis use may increase the risk of developing schizophrenia and other psychoses, symptoms for individuals with bipolar disorder, and other side effects. Furthermore, we are now offering an expanded assortment of form factors, some of which may have additional adverse side effects, such as vaping products. See also Risk Factor " Our vape business is subject to uncertainty in the evolving vape market due to negative public sentiment and regulatory scrutiny. " Previously unknown adverse reactions resulting from human consumption of cannabis or beverage alcohol products alone or in combination with other medications or substances could also occur. **29** In addition, the manufacture and sale of our products, like the manufacture and sale of any ingested product, involves a risk of injury to consumers due to tampering by unauthorized third parties or product contamination. We have in the past recalled, and may again in the future have to recall, certain products as a result of potential contamination and quality assurance concerns. A product liability claim or regulatory action against us could result in increased costs and could adversely affect our reputation and goodwill with our customers and consumers generally. There can be no assurance that we will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could result in us becoming subject to significant liabilities that are uninsured and adversely affect our commercial arrangements with third parties. We, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer or investor perception. We believe that the cannabis industry is highly dependent upon positive consumer and investor perception regarding the benefits, safety, efficacy and quality of the cannabis distributed to consumers. The perception of the cannabis industry and cannabis products, currently and in the future, may be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements, media attention and other publicity (whether or not accurate or with merit) both in Canada and in other countries relating to the consumption of cannabis products, including unexpected safety or efficacy concerns arising with respect to cannabis products or the activities of industry participants. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular cannabis product or will be consistent with earlier publicity. Adverse scientific research reports, findings and regulatory proceedings that are, or litigation, media attention or other publicity that is, perceived as less favorable than, or that questions, earlier research reports, findings or publicity (whether or not accurate or with merit) could result in a significant reduction in the demand for our products. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could adversely affect us. This adverse publicity could arise even if the adverse effects associated with cannabis products resulted from consumers' failure to use such products legally, appropriately or as directed. Failure to comply with safety, health and environmental regulations applicable to our operations and industry may expose us to liability and impact operations. Safety, health and environmental laws and regulations affect nearly all aspects of our operations, including product development, working conditions, waste disposal, emission controls, the maintenance of air and water quality standards and land reclamation, and, with respect to environmental laws and regulations, impose limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Compliance with GMP requires satisfying additional standards for the conduct of our operations and subjects us to ongoing compliance inspections in respect of these standards in connection with our GMP certified facilities. Compliance with safety, health and environmental laws and regulations can require significant expenditures, and failure to comply with such safety, health and environmental laws and regulations may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, the imposition of clean- up costs resulting from contaminated properties, the imposition of damages and the loss of or refusal of governmental authorities to issue permits or licenses to us or to certify our compliance with GMP standards. Exposure to these liabilities may arise in connection with our existing operations, our historical operations and operations that we may undertake in the future. We could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurance that we will at all times be in compliance with all safety, health and environmental laws and regulations notwithstanding our attempts to comply with such laws and regulations. In addition, government environmental approvals and permits are currently, and may in the future be required in connection with our operations. To the extent such approvals are required and not obtained, we may be curtailed or prohibited from its proposed business activities or from proceeding with the development of our operations as currently proposed. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. We may be required to compensate those suffering loss or damage due to our operations and may have civil or criminal fines or penalties imposed for violations of applicable environmental laws or regulations. **30** Changes in applicable safety, health and environmental standards may impose stricter standards and enforcement, increased fines and penalties for non- compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. We are not able to determine the specific impact that future changes in safety, health and environmental laws and regulations may have on our industry, operations and / or activities and our resulting financial position; however, we anticipate that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent safety, health and environmental laws and regulations. Further changes in safety, health and environmental laws and regulations, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits in relation thereto, may require increased compliance expenditures by us. We may experience breaches of security at our facilities, which could result in product loss and liability. Because of the nature of our products and the limited legal channels for distribution, as well as the concentration of inventory in our facilities, we are subject to the risk of theft of our products and other security breaches. A security breach at any one of our facilities could result in a significant loss of available products, expose us to additional liability under applicable regulations and to potentially costly litigation or increase expenses relating to the resolution and future prevention of similar thefts, any of which could have an adverse effect on our business, financial condition and results of operations. We may be subject to risks related to our information technology systems, including service interruption, cyber-attacks and misappropriation of data, which could disrupt operations and may result in financial losses and reputational damage. We have entered into agreements with third parties for hardware, software, telecommunications and other information technology, or IT, services in connection with our operations. Our operations depend, in part, on how well we and our vendors protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism, theft, malware, ransomware and phishing attacks. We are increasingly reliant on Cloud- based systems for economies of scale and our mobile workforce, which could result in increased attack vectors or other significant disruptions to our work processes. Any of these and other events could result in IT system failures, delays or increases in capital expenses. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment and IT systems and software, as well as preemptive expenses to mitigate the risks of failures. The failure of IT systems or a component of IT systems could, depending on the nature of any such failure, adversely impact our reputation and results of operations. There are a number of laws protecting the confidentiality of personal information and patient health information, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the Personal Information Protection and Electronics Documents Act (Canada), or PIPEDA, the European Unions' General Data Protection Regulation, or the GDPR, and similar laws in other jurisdictions, protect personal information, including medical records of individuals. We collect and store personal information about our employees and customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through a procedural or process failure, an IT malfunction or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated through employee collusion or negligence or through deliberate cyber- attack. Moreover, if we are found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, including as a result of data theft and privacy breaches, we could be subject to sanction, litigation and civil or criminal penalties, which could increase our liabilities and harm our reputation. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. While we have implemented security resources to protect our data security and information technology systems, such measures may not prevent such events. Significant disruption to our information technology system or breaches of data security could have a material adverse effect on our business, financial condition and results of operations. **31** The cannabis industry continues to face significant funding challenges, and we may not be able to secure adequate or reliable sources of funding, which may impact our operations and potential expansion. The continued development of our business will require significant additional financing, and there is no assurance that we will be able to obtain the financing necessary to achieve our business objectives. Our ability to obtain additional financing will depend on investor demand, our performance and reputation, market conditions, and other factors. Our inability to raise such capital could result in the delay or indefinite postponement of our current business objectives or our inability to continue to operate our business. There can be no assurance that additional capital or other types of equity or debt financing will be available if needed or that, if available, the terms of such financing will be favorable to us. In addition, from time to time, we may enter into transactions to acquire assets or the capital stock or other equity interests of other entities. Our continued growth may be financed, wholly or partially, with debt, which may increase our debt levels above industry standards. Our existing and future debt agreements may contain covenant restrictions that limit our ability to operate our business and pursue beneficial transactions. Our existing debt agreements and future debt agreements may contain, covenant restrictions that limit our ability to operate our ~~busines~~ **business** , including restrictions on our ability to invest in our existing facilities, incur additional debt or issue guarantees, create additional liens, repurchase stock or make other restricted payments. As a result of these covenants, our ability to respond to changes in business and economic conditions and engage in beneficial transactions, including to obtain additional financing and pursue business opportunities, may be restricted. Furthermore, our failure to comply with our debt covenants could result in a default under our debt agreements, which could permit the holders to accelerate our obligation to repay the debt and to enforce security over our assets. If any of our debt is accelerated, we may not have sufficient funds available to repay it or be able to obtain new financing to refinance the debt. Servicing our debt will require a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt. Our substantial consolidated indebtedness (refer to the consolidated financial statements included elsewhere in this Form 10- K) may increase our vulnerability to any generally adverse economic and industry conditions. We and our subsidiaries may, subject to the limitations in the terms of our existing and future indebtedness, incur additional debt, secure existing or future debt or recapitalize our debt. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our current and future indebtedness, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control **, including rising interest rates** . Our business has not generated positive cash flow from operations. If this continues in the future, we may not have sufficient cash flows to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our current and future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. Management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Rules 13a- 15 (f) and 15d (f) under the Exchange Act, internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with United States Generally Accepted Accounting Principles (" GAAP "). Due to the work around integration and modification to internal control over financial reporting and other policies and procedures, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. **32** It is not expected that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system' s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to inherent limitations, our internal control over financial reporting may not prevent or detect all misstatements. The inherent limitations include the realities that judgments in decision- making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost- effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. We cannot guarantee that we will not have a material weakness in our internal controls in the future. If we experience any material weakness in our internal controls in the future, our financial statements may contain misstatements and we could be required to restate our financial statements. Because a significant portion of our sales are generated in Canada and other countries outside the United States, fluctuations in foreign currency exchange rates could harm our results of operations. The reporting currency for our financial statements is the United States dollar. We derive a significant portion of our revenue and incur a significant portion of our operating costs in Canada and Europe, as well as other countries outside the United States, including Australia. As a result, changes in the exchange rate in these jurisdictions relative to the United States dollar, may have a significant, and potentially adverse, effect on our results of operations. Our primary risk of loss regarding foreign currency exchange rate risk is caused by fluctuations in the exchange rates between the United States dollar against the Canadian dollar and the Euro, although as we expand internationally, we will be subject to additional foreign currency exchange risks. Because we recognize revenue in Canada in Canadian dollars and revenue in Europe in Euros, if either or both of these currencies weaken against the United States dollar it would have a negative impact on our Canadian and / or European operating results upon the translation of those results into United States dollars for the purposes of consolidation. In addition, a weakening of these foreign currencies against the United States dollar would make it more difficult for us to meet our obligations under the convertible securities we have issued. We have not historically engaged in hedging transactions and do not currently contemplate engaging in hedging transactions to mitigate foreign exchange risks. As we continue to recognize gains and losses in foreign currency transactions, depending upon changes in future currency rates, such gains or losses could have a significant, and potentially adverse, effect on our results of operations. We may have exposure to greater than anticipated tax liabilities, which could harm our business. Our income tax obligations are based on our corporate operating structure and third- party and intercompany arrangements, including the manner in which we develop, value and use our intellectual property and the valuations of our intercompany transactions. The tax laws applicable to our international business activities, including the laws of the United States, Canada and other jurisdictions, are subject to change and uncertain interpretation. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology, intercompany arrangements, or transfer pricing, all of which could increase our worldwide effective tax rate and the amount of taxes that we pay and harm our business. Taxing authorities may also determine that the manner in which we operate our business is not consistent with how we report our income, which could increase our effective tax rate and the amount of taxes that we pay and could seriously harm our business. In addition, our future income taxes could fluctuate because of earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of our deferred tax assets and liabilities or by changes in tax laws, regulations or accounting principles. We are subject to regular review and audit by federal, state, provincial and local tax authorities. Any adverse outcome from a review or audit could seriously harm our business. In addition, determining our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are many transactions where the ultimate tax determination is uncertain. Although we believe that the amounts recorded in our financial statements are reasonable, the ultimate tax outcome relating to such amounts may differ for such period or periods and may seriously harm our business. Furthermore, due to shifting economic and political conditions, tax policies, laws, or rates in various jurisdictions, we may be subject to significant changes in ways that impair our financial results. Our results of operations and cash flows could be adversely affected by additional taxes imposed on us prospectively or retroactively or additional taxes or penalties resulting from the failure to comply with any collection obligations or failure to provide information for tax reporting purposes to various government agencies. **33** We may not be able to utilize our net operating loss carryforwards which could result in greater than anticipated tax liabilities. We have accumulated net operating loss carryforwards in the United States, Canada and other jurisdictions. Our ability to use our net operating loss carryforwards is dependent upon our ability to generate taxable income in future periods. In addition, these net operating loss carryforwards could expire unused or be subject to limitations which impact our ability to offset future income tax liabilities. U. S. federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely. However, our Canadian net operating loss carry- forwards begin to expire in 2028, and limited carryforward periods also exist in other jurisdictions. As a result, we may not be able realize the full benefit of our net operating loss carryforwards in Canada and other jurisdictions, which could result in increased future tax liability to us. Further, our ability to utilize net operating loss carryforwards in the United States and other jurisdictions could be limited from ownership changes in the current and / or prior periods. Risks Related to our Intellectual Property We may not be able to adequately protect our intellectual property. As long as cannabis remains illegal under U. S. federal law as a Schedule I controlled substance under the CSA, the benefit of certain federal laws and protections that may be available to most businesses, such as federal trademark and patent protection, may not be available to us. As a result, our intellectual property may not be adequately or sufficiently protected against the use or misappropriation by third parties under such U. S. laws. In addition, since the regulatory framework of the cannabis industry is in a state of flux, we can provide no assurance that we will obtain protection for our intellectual property, whether on a federal, state or local level. We may not realize the full benefit of the clinical trials or studies that we participate in if we are unable to secure ownership or the exclusive right to use the resulting intellectual property on commercially reasonable terms. Although we have participated in several clinical trials, we are not the sponsor of many of these trials and, as such, do not have full control over the design, conduct and terms of the trials. In some cases, for instance, we are only the provider of a cannabis study drug for a trial that is designed and initiated by an independent investigator within an academic institution. In such cases, we are often not able to acquire rights to all the intellectual property generated by the trials. Although the terms of all clinical trial agreements entered into by us provide us with, at a minimum, ownership of intellectual property relating directly to the study drug being trialed (e. g. intellectual property relating to use of the study drug), ownership of intellectual property that does not relate directly to the study drug is often retained by the institution. As such, we are vulnerable to any dispute among the investigator, the institution and us with respect to classification and therefore ownership of any particular piece of intellectual property generated during the trial. Such a dispute may affect our ability to make full use of intellectual property generated by a clinical trial. Where intellectual property generated by a trial is owned by the institution, we are often granted a right of first negotiation to obtain an exclusive license to such intellectual property. If we exercise such a right, there is a risk that the parties will fail to come to an agreement on the license, in which case such intellectual property may be licensed to other parties or commercialized by the institution. Risks Related to Ownership of Our Securities The market price for our common stock, and the market price of stock of other companies operating in the cannabis industry, has been extremely volatile. For example, during the ~~2022~~ **2023** fiscal year, the trading price of our common stock ranged between a low sales price of $ ~~3~~ **1** . ~~89~~ **78** and a high sales price of $ ~~23~~ **5** . ~~04~~ **12** . The market price of our common stock may continue to be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following: (i) actual or anticipated fluctuations in our quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to us; (iv) the addition or departure of our executive officers or other key personnel; (v) the release or expiration of lock- up or other transfer restrictions on our common stock; (vi) sales or perceived sales, or the expectation of future sales, of our common stock; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; (viii) news reports or social media relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the cannabis industry or our target markets; and (ix) the increase in the number of retail investors and their participation in social media platforms targeted at speculative investing. **34** Our stockholder base is comprised of a large number of retail (or non- institutional) investors, which creates more volatility since stock changes hands frequently. In accordance with our governing documents and applicable laws, there are a number of initiatives that require the approval of stockholders at the annual or a special meeting. To hold a valid meeting, a quorum comprised of stockholders representing one- third of the voting power of our outstanding shares of common stock is necessary. A record date is established to determine which stockholders are eligible to vote at the meeting, which record date must be 30 – 60 days prior to the meeting. Since our stocks change hands frequently, there can be a significant turnover of stockholders between the record date and the meeting date which makes it harder to get stockholders to vote. While we make every effort to engage retail investors, such efforts can be expensive and the frequent turnover creates logistical issues. Further retail investors tend to be less likely to vote in comparison to institutional investors. Failure to secure sufficient votes or to achieve the minimum quorum needed for a meeting to happen may impede our ability to move forward with initiatives that are intended to grow the business and create stockholder value or prevent us from engaging in such initiatives at all. If we find it necessary to delay or adjourn meetings or to seek approval again, it will be time consuming and we will incur additional costs. On March 13, 2020, we entered into an underwriting agreement with Canaccord Genuity LLC relating to the issuance and sale of shares of our common stock at a price to the public of $ 4. 76 per share and included warrants to purchase additional common stock at a price of $ 4. 7599 per warrant. As of May 31, ~~2022~~ **2023** , 6, 209, 000 warrants remain outstanding and do not expire until March 13, 2025. The warrants contain a price protection, or anti- dilution feature, pursuant to which, the exercise price of such warrants will be reduced to the consideration paid for, or the exercise price or conversion price of, as the case may be, any newly issued securities issued at a discount to the original warrant exercise price of $ 5. 95 per share. Therefore, the exercise price of the warrants may end up being lower than $ 5. 95 per share, which could result in incremental dilution to existing stockholders. Additionally, so long as the warrants remain outstanding, we may only issue up to $ 20 million in aggregate gross proceeds under our at- the- market offering program at prices less than the exercise price of the warrants, and in no event more than $ 6 million per quarter at prices below the exercise price of the warrants, without triggering the warrant' s anti- dilution feature described in the paragraph immediately above. If our stock price were to remain below the warrant exercise price of $ 5. 95 per share for an extended time, we may be forced to lower the warrant exercise price at unfavorable terms in order to fund our ongoing operations. As of May 31, ~~2022~~ **2023** , the warrant exercise price was $ ~~4~~ **3** . ~~30~~ **15** . Refer to Part II, Item 8, Note 20, Warrants, of this form 10- K for additional information. If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, our stock price and trading volume could decline. The trading market for our common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the securities or industry analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. In addition, if our operating results fail to meet the forecast of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline. **35** We may not have the ability to raise the funds necessary to settle conversions of the Convertible Securities in cash or to repurchase the Convertible Securities upon a fundamental change. We issued various securities convertible into shares of our common stock, or Convertible Securities. Holders of certain Convertible Securities have the right to require us to repurchase their Convertible Securities upon the occurrence of a fundamental change. In addition, upon conversion, unless we deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Convertible Securities being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Convertible Securities surrendered. In addition, our ability to repurchase the Convertible Securities or to pay cash upon conversions of the Convertible Securities may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase Convertible Securities at a time when the repurchase is required by the indenture or to pay any cash payable on future conversions of the Convertible Securities as required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our existing or future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Convertible Securities or make cash payments upon conversions thereof. The conditional conversion feature of the Convertible Securities, if triggered, may adversely affect our financial condition and operating results. In the event a conditional conversion feature of the Convertible Securities is triggered, holders of Convertible Securities will be entitled to convert the Convertible Securities at any time during specified periods at their option. If one or more holders elect to convert their Convertible Securities, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders of Convertible Securities do not elect to convert their Convertible Securities, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Securities as a current rather than long- term liability, which would result in a material reduction of our net working capital. Conversion of the Convertible Securities may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock. The conversion of some or all of the Convertible Securities may dilute the ownership interests of our stockholders. Upon conversion of the Convertible Securities, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock. If we elect to settle our conversion obligation in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Securities may encourage short selling by market participants because the conversion of the Convertible Securities could be used to satisfy short positions, or anticipated conversion of the Convertible Securities into shares of our common stock could depress the price of our common stock. Certain provisions in the indentures governing the Convertible Securities may delay or prevent an otherwise beneficial takeover attempt of us. Certain provisions in the indentures governing the Convertible Securities may make it more difficult or expensive for a third party to acquire us. For example, we may be required to repurchase certain Convertible Securities for cash upon the occurrence of a fundamental change and, in certain circumstances, to increase the relevant conversion rate for a holder that converts its Convertible Securities in connection with a make- whole fundamental change. A takeover of us may trigger the requirement that we repurchase the Convertible Securities and / or increase the conversion rate, which could make it more costly for a potential acquirer to engage in such takeover. Such additional costs may have the effect of delaying or preventing a takeover of us that would otherwise be beneficial to investors. **36** Our stockholders may be subject to dilution resulting from future offerings of common stock by us. We may raise additional funds in the future by issuing common stock or equity- linked securities. Holders of our securities have no preemptive rights in connection with such further issuances. Our board of directors has the discretion to determine if an issuance of our capital stock is warranted, the price at which such issuance is to be effected and the other terms of any future issuance of capital stock. In addition, additional common stock will be issued by us in connection with the exercise of options or grant of other equity awards granted by us. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of our existing securities. Provisions in our corporate charter documents could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our current board of directors. Provisions in our corporate charter and our bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. Among others, these provisions include the following: • Our board of directors is divided into three classes with staggered three- year terms which may delay or prevent a change of our management or a change in control; • Our board of directors has the right to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors; • Except in limited circumstances, our stockholders may not act by written consent or call special stockholders' meetings; as a result, a holder, or holders, controlling a majority of our capital stock would not be able to take certain actions other than at annual stockholders' meetings or special stockholders' meetings called by the board of directors, the chairman of the board or our chief executive officer; • Our certificate of incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; • Stockholders must provide advance notice and additional disclosures in order to nominate individuals for election to the board of directors or to propose matters that can be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer' s own slate of directors or otherwise attempting to obtain control of our company; and • Our board of directors may issue, without stockholder approval, shares of undesignated preferred stock; the ability to issue undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us. General Risk Factors We may not be able to maintain adequate insurance coverage, the premiums may not continue to be commercially justifiable, and coverage limitations or exclusions may leave us exposed to uninsured liabilities. We currently maintain insurance coverage, including product liability insurance, protecting many, but not all, of our assets and operations. Our insurance coverage is subject to coverage limits and exclusions and may not be available for all of the risks and hazards to which we are exposed, or the coverage limits may not be sufficient to protect against the full amount of loss. In addition, no assurance can be given that such insurance will be adequate to cover our liabilities, including potential product liability claims, or will be generally available in the future or, if available, that premiums will be commercially justifiable. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, we may be exposed to material uninsured liabilities that could diminish our liquidity, profitability or solvency. **37** The financial reporting obligations of being a public company and maintaining a dual listing on the TSX and on NASDAQ requires significant company resources and management attention. We are subject to the public company reporting obligations under the Exchange Act and the rules and regulations regarding corporate governance practices, including those under the Sarbanes- Oxley Act, the Dodd- Frank Act, and the listing requirements of Nasdaq Global Select Market (" NASDAQ ") and the Toronto Stock Exchange (" TSX "). We incur significant legal, accounting, reporting and other expenses in order to maintain a dual listing on both the TSX and NASDAQ. Moreover, our listing on both the TSX and NASDAQ may increase price volatility due to various factors, including the ability to buy or sell common shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of the common shares. As a cannabis company, we may be subject to heightened scrutiny in Canada and the United States that could materially adversely impact the liquidity of our shares of common stock. Our existing operations in the United States, and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States and Canada. Given the heightened risk profile associated with cannabis in the United States, the Canadian Depository for Securities Ltd., or CDS, may implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for companies that have cannabis businesses or assets in the United States. On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group, the parent company of CDS, announced the signing of a Memorandum of Understanding (the " TMX MOU ") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX MOU outlines the parties' understanding of Canada' s regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis- related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis- related activities in the United States. However, there can be no assurances given that this approach to regulation will continue in the future. If such a ban were to be implemented, it could have a material adverse effect on the ability of holders of the common stock to settle trades. In particular, the shares of common stock would become highly illiquid until an alternative was implemented, and investors would have no ability to effect a trade of the common stock through the facilities of a stock exchange. Tax and accounting requirements may change in ways that are unforeseen to us and we may face difficulty or be unable to implement or comply with any such changes. We are subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on our financial results, the manner in which we conduct our business or the marketability of any of our products. We currently maintain international operations and plan to expand such operations in the future. These operations, and any expansion thereto, will require us to comply with the tax laws and regulations of multiple jurisdictions, which may vary substantially. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject us to penalties and fees in the future if we fail to comply. **38** We may be materially adversely affected by negative impacts on the global economy, capital markets or other geopolitical conditions resulting from the recent invasion of Ukraine by Russia and subsequent sanctions against Russia, Belarus and related individuals and entities. United States and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the recent invasion of Ukraine by Russia in February 2022. In response to such invasion, the North Atlantic Treaty Organization (" NATO ") deployed additional military forces to eastern Europe, and the United States, the United Kingdom, the European Union and other countries have announced various sanctions and restrictive actions against Russia, Belarus and related individuals and entities, including the removal of certain financial institutions from the Society for Worldwide Interbank Financial Telecommunication (SWIFT) payment system. Certain countries, including the United States, have also provided and may continue to provide military aid or other assistance to Ukraine during the ongoing military conflict, increasing geopolitical tensions with Russia. The invasion of Ukraine by Russia and the resulting measures that have been taken, and could be taken in the future, by NATO, the United States, the United Kingdom, the European Union and other countries have created global security concerns that could have a lasting impact on regional and global economies. Although the length and impact of the ongoing military conflict in Ukraine is highly unpredictable, the conflict could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions. Additionally, Russian military actions and the resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets. Any of the **above** ~~abovementioned~~ ----- **mentioned** factors, or any other negative impact on the global economy, capital markets or other geopolitical conditions resulting from the Russian invasion of Ukraine and subsequent sanctions, could adversely affect our business. The extent and duration of the Russian invasion of Ukraine, resulting sanctions and any related market disruptions are impossible to predict, but could be substantial, particularly if current or new sanctions continue for an extended period of time or if geopolitical tensions result in expanded military operations on a global scale. Any such disruptions may also have the effect of heightening many of the other risks described in this " Risk Factors " section, such as those related to the market for our securities, cross- border transactions or our ability to raise equity or debt financing. If these disputes or other matters of global concern continue for an extensive period of time, our operations may be adversely affected. In addition, the recent invasion of Ukraine by Russia, and the impact of sanctions against Russia, and the potential for retaliatory acts from Russia, could result in increased cyber- ~~attacked~~ **attacks** against U. S. companies.