

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2025

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-39946

**AGRIFY CORPORATION**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**30-0943453**

(I.R.S. Employer  
Identification No.)

**2220 Hicks Road Suite 210**

**Rolling Meadows, IL 60008**

(Address of principal executive offices, including zip code)

**(855) 420-0020**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	AGFY	NASDAQ Capital Market

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

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

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

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

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

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

As of April 28, 2025, the registrant had 1,952,014 shares of Common Stock, \$0.001 par value per share outstanding.

## TABLE OF CONTENTS

	<b>Page</b>
<b><u>PART I FINANCIAL INFORMATION</u></b>	<b>1</b>
ITEM 1. <u>FINANCIAL STATEMENTS (UNAUDITED)</u>	1
<u>Condensed Consolidated Balance Sheets</u>	1
<u>Condensed Consolidated Statements of Operations</u>	2
<u>Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit)</u>	3
<u>Condensed Consolidated Statements of Cash Flows</u>	4
<u>Notes to the Condensed Consolidated Financial Statements</u>	5
ITEM 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	26
ITEM 3. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	35
ITEM 4. <u>CONTROLS AND PROCEDURES</u>	35
<b><u>PART II OTHER INFORMATION</u></b>	<b>36</b>
ITEM 1. <u>LEGAL PROCEEDINGS</u>	36
ITEM 1A. <u>RISK FACTORS</u>	36
ITEM 2. <u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	36
ITEM 3. <u>DEFAULTS UPON SENIOR SECURITIES</u>	36
ITEM 4. <u>MINE SAFETY DISCLOSURES</u>	36
ITEM 5. <u>OTHER INFORMATION</u>	36
ITEM 6. <u>EXHIBITS</u>	37
<u>SIGNATURES</u>	38

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**AGRIFY CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
(In thousands, except share and per share data)

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 24,449	\$ 31,170
Accounts receivable, net	381	30
Inventory, net	738	500
Prepaid expenses and other current assets	1,374	398
Current assets associated with discontinued operations	233	2,596
Total current assets	<u>27,175</u>	<u>34,694</u>
Goodwill	9,713	9,713
Intangible assets	8,616	8,900
Non-current assets associated with discontinued operations	120	715
Total assets	<u>\$ 45,624</u>	<u>\$ 54,022</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,118	\$ 825
Accrued expenses and other current liabilities	3,623	4,090
Long-term debt, current	615	522
Related party debt, current	10,000	10,000
Current liabilities associated with discontinued operations	2,857	9,242
Total current liabilities	<u>18,213</u>	<u>24,679</u>
Warrant liabilities	589	996
Long-term debt, net of current	-	1
Non-current liabilities associated with discontinued operations	-	257
Total liabilities	<u>18,802</u>	<u>25,933</u>
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Common Stock, \$0.001 par value per share, 35,000,000 shares authorized; 1,952,014 and 1,952,032 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	2	2
Preferred Stock, \$0.001 par value per share, 2,895,000 shares authorized, no shares issued or outstanding	-	-
Preferred A Stock, \$0.001 par value per share, 105,000 shares authorized, no shares issued or outstanding	-	-
Additional paid-in capital	335,989	335,400
Accumulated deficit	<u>(309,169)</u>	<u>(307,543)</u>
Total stockholders' equity attributable to Agrify Corporation	<u>26,822</u>	<u>27,859</u>
Non-controlling interests	-	230
Total stockholders' equity	<u>26,822</u>	<u>28,089</u>
Total liabilities and stockholders' equity	<u>\$ 45,624</u>	<u>\$ 54,022</u>

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

**AGRIFY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**  
(In thousands, except share and per share data)

	Three months ended March 31,	
	2025	2024
Revenue	\$ 538	\$ -
Cost of goods sold	448	-
Gross profit	<u>90</u>	<u>-</u>
Selling, general and administrative	3,791	1,552
Research and development	-	275
Change in contingent consideration	-	(2,180)
Total operating expenses	<u>3,791</u>	<u>(353)</u>
<b>Operating (loss) income from continuing operations</b>	<b>(3,701)</b>	<b>353</b>
Interest income (expense), net	1	(100)
Change in fair value of warrant liabilities	407	873
Other income, net	19	-
Total other income, net	<u>427</u>	<u>773</u>
(Loss) income from continuing operations before income taxes	(3,274)	1,126
Income tax provision	-	-
(Loss) income from continuing operations, net of income taxes	<u>(3,274)</u>	<u>1,126</u>
(Loss) income from discontinued operations	(1,918)	3,110
Gain on disposal of Extraction business	3,566	-
Income tax effect on discontinued operations	-	-
Income from discontinued operations, net of income taxes	<u>1,648</u>	<u>3,110</u>
Net (loss) income	(1,626)	4,236
Income (loss) attributable to non-controlling interest	-	-
Net (loss) income attributable to Agrify Corporation	<u>\$ (1,626)</u>	<u>\$ 4,236</u>
Net (loss) income per share:		
Basic (loss) income per share		
Continuing operations	\$ (1.68)	\$ 2.45
Discontinued operations	<u>0.85</u>	<u>6.76</u>
Net (loss) income per share attributable to Common Stockholders – basic <sup>(1)</sup>	<u>\$ (0.83)</u>	<u>\$ 9.21</u>
Diluted (loss) income per share		
Continuing operations	\$ (1.68)	\$ 1.18
Discontinued operations	<u>0.85</u>	<u>2.60</u>
Net (loss) income per share attributable to Common Stockholders – diluted <sup>(1)</sup>	<u>\$ (0.83)</u>	<u>\$ 3.78</u>
Weighted average common shares outstanding - basic <sup>(1)</sup>	<u>1,952,022</u>	<u>460,133</u>
Weighted average common shares outstanding - diluted <sup>(1)</sup>	<u>1,952,022</u>	<u>1,197,891</u>

(1) Periods presented have been adjusted to retroactively reflect the 1-for-15 reverse stock split on October 8, 2024. Additional information regarding reverse stock splits may be found in Note 1 – Overview, Basis of Presentation, and Significant Accounting Policies, included in the notes to the condensed consolidated financial statements.

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

**AGRIFY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (UNAUDITED)**  
(In thousands)

	<u>Common Stock</u>		<u>Additional Paid-in- Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity attributable to Agrify</u>	<u>Non- Controlling Interests</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>					
<b>Balance at January 1, 2025</b>	1,952,032	\$ 2	\$ 335,400	\$ (307,543)	\$ 27,859	\$ 230	\$ 28,089
Stock-based compensation	—	—	589	—	589	—	589
Cancellation of common shares	(18)	—	—	—	—	—	—
Impairment of non-controlling interests	—	—	—	—	—	(230)	(230)
Net loss	—	—	—	(1,626)	(1,626)	—	(1,626)
<b>Balance at March 31, 2025</b>	<b>1,952,014</b>	<b>\$ 2</b>	<b>\$ 335,989</b>	<b>\$ (309,169)</b>	<b>\$ 26,822</b>	<b>\$ —</b>	<b>\$ 26,822</b>

	<u>Common Stock</u>		<u>Additional Paid-in- Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Deficit attributable to Agrify</u>	<u>Non- Controlling Interests</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>					
<b>Balance at January 1, 2024</b>	113,416	\$ —	\$ 250,857	\$ (265,797)	\$ (14,940)	\$ 230	\$ (14,710)
Stock-based compensation	—	—	490	—	490	—	490
Issuance of Common Stock and pre-funded warrants through public offering	184,000	—	2,123	—	2,123	—	2,123
Issuance of held-back shares from Sinclair acquisition	39	—	—	—	—	—	—
Cashless exercise of high trail warrants	208,814	—	—	—	—	—	—
Exercise of pre-funded warrants issued through public offering	200,667	—	3	—	3	—	3
Conversion of convertible note	178,109	—	1,731	—	1,731	—	1,731
Deemed contribution from troubled debt restructuring with related party	—	—	676	—	676	—	676
Stock split share adjustment	1	1	(1)	—	—	—	—
Net income	—	—	—	4,236	4,236	—	4,236
<b>Balance at March 31, 2024</b>	<b>885,046</b>	<b>\$ 1</b>	<b>\$ 255,879</b>	<b>\$ (261,561)</b>	<b>\$ (5,681)</b>	<b>\$ 230</b>	<b>\$ (5,451)</b>

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

**AGRIFY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(In thousands)

	For the three months ended March 31,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Net (loss) income	\$ (1,626)	\$ 4,236
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	336	406
Lease expense	64	—
Impairment of right-of-use assets	24	—
Stock-based compensation expense	589	490
Change in fair value of warrant liabilities	(407)	(873)
Change in provision for credit losses, net	111	312
Change in provision for inventory	—	(415)
Loss on inventory write-down	24	—
(Gain) loss on disposal of property and equipment	(2)	2
Change in contingent consideration		(2,180)
Gain on settlement of contingent liability	—	(5,935)
Gain on disposal of Extraction business	(3,566)	—
Changes in operating assets and liabilities:		
Accounts receivable	(335)	296
Inventory	662	861
Prepaid expenses and other current assets	(519)	2,321
Operating lease right-of-use assets	—	152
Other non-current assets	—	42
Accounts payable	(64)	(2,056)
Accrued expenses and other current liabilities	(788)	(268)
Operating lease liabilities	(52)	(143)
Contract liabilities	(1,171)	(235)
<b>Net cash and cash equivalents used in operating activities</b>	<b>(6,720)</b>	<b>(2,987)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	—	(2)
Proceeds from repayment of loan receivable	—	330
<b>Net cash and cash equivalents provided by investing activities</b>	<b>—</b>	<b>328</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of Common Stock	—	2,123
Proceeds from exercise of pre-funded warrants	—	3
Proceeds from issuance of related party notes	—	355
Payments on insurance financing loans	—	(157)
Repayments of notes payable	(1)	—
<b>Net cash and cash equivalents (used in) provided by financing activities continuing operations</b>	<b>(1)</b>	<b>2,324</b>
Net decrease in cash and cash equivalents	(6,721)	(335)
Cash and cash equivalents at the beginning of period	31,170	430
Cash and cash equivalents of discontinued operations, beginning of period	\$ —	\$ —
Cash and cash equivalents of discontinued operations, end of period	—	—
<b>Cash and cash equivalents at the end of period</b>	<b>\$ 24,449</b>	<b>\$ 95</b>
<b>Supplemental disclosures</b>		
Cash paid for interest	—	47
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Reclassification of accounts payable to notes payable	\$ 93	\$ —
Cashless exercise of liability classified warrants	\$ —	\$ 3
Financing of prepaid insurance	\$ —	\$ 17
Contribution from troubled debt restructuring with related party	\$ —	\$ 676
Conversion of convertible notes into equity	\$ —	\$ 1,731
Consolidation of related party debt	\$ —	\$ 4,163

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

**AGRIFY CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**Note 1 — Overview, Basis of Presentation and Significant Accounting Policies**

**Description of Business**

Agrify Corporation (together with its subsidiaries, the “Company”) is a developer of branded innovative solutions for the cannabis and hemp industries. The Company’s Señorita brand offers consumers hemp-derived tetrahydrocannabinol (“THC”) beverages that mirror well-known cocktails like a margarita – in three flavors – classic Lime Jalapeño Margarita, Mango Margarita, and Paloma. Known for its clean, fresh taste and commitment to high-quality, natural ingredients, Señorita offers a low-sugar, low-calorie alternative to alcoholic beverages and is available at top retailers including Total Wine, ABC Fine Wine & Spirits, and Binny’s in ten states in the United States and Canada, with plans for expansion and future availability in premier on-premises destinations.

Agrify has also historically been a leading provider of innovative cultivation and extraction solutions for the cannabis industry. Prior to the exit of the extraction business on March 30, 2025, the Company’s comprehensive extraction product line (“the Extraction Business”), which included hydrocarbon, alcohol, solventless, post-processing, and lab equipment, empowered producers to maximize the quantity and quality of extract required for premium concentrates. Additionally, prior to its sale on December 31, 2024, our proprietary micro-environment-controlled Agrify Vertical Farming Units (“VFUs”) enabled cultivators to produce high quality products for the cannabis industry.

The Company was formed in the State of Nevada on June 6, 2016 as Agrinamics, Inc., and subsequently changed its name to Agrify Corporation. The Company is sometimes referred to herein by the words “we,” “us,” “our,” and similar terminology.

The Company has ten wholly-owned consolidated subsidiaries, which are collectively referred to as the “Subsidiaries” and the Company also has ownership interests in certain companies.

On December 12, 2024, the Company acquired certain assets from Double or Nothing, LLC (“Double or Nothing”), the owner and creator of the Señorita brand of hemp-derived drinks as part of the Company’s strategic plan to reposition itself as a distributor of hemp-derived THC beverages and similar products.

On December 31, 2024, the Company entered into an Asset Purchase Agreement (the “Purchase Agreement”) with CP Acquisitions, LLC (“CP”), an entity affiliated with Raymond Chang, the Company’s former Chairman and Chief Executive Officer. Under the Purchase Agreement, CP acquired assets from the Company relating to the Company’s VFUs, including the related Agrify total-turnkey (“TTK”) solution assets and Agrify Insights<sup>TM</sup> software solutions (collectively the “Cultivation Business”). The sale of the Cultivation Business occurred following signing on December 31, 2024. The results of the Cultivation Business are presented as discontinued operations in the Condensed Consolidated Statements of Operations and, as such, have been excluded from continuing operations. Further, the Company reclassified the assets and liabilities of the Cultivation Business associated with discontinued operations in the Condensed Consolidated Balance Sheet as of March 31, 2025 and December 31, 2024. In connection with the reclassification as discontinued operations, the assets and liabilities were remeasured to fair value less cost to sell as of March 31, 2025. The balances as of December 31, 2024 reflect historical carrying values, without remeasurement. For further discussion on the discontinued operations, refer to Note 6 of this Quarterly Report on Form 10-Q (this “Quarterly Report”).

On March 30, 2025, the Company approved the winding down of the Extraction Business by March 31, 2025, including but not limited to, the sale or other disposal of all remaining assets constituting the Extraction Business, the cessation of all business operations related to the Extraction Business, the termination of any outstanding contracts related to the Extraction Business, and termination of any employees primarily involved in the Extraction Business. The results of the Extraction Business are presented as discontinued operations in the Condensed Consolidated Statements of Operations and, as such, have been excluded from continuing operations. Further, the Company reclassified the assets and liabilities of the Extraction Business associated with discontinued operations in the Condensed Consolidated Balance Sheet as of March 31, 2025 and December 31, 2024. In connection with the reclassification as discontinued operations, the assets and liabilities were remeasured to fair value less cost to sell as of March 31, 2025. The balances as of December 31, 2024 reflect historical carrying values, without remeasurement. For further discussion on the discontinued operations, refer to Note 6.

**Nasdaq Deficiency Notice**

On January 30, 2024, the Company received formal notice that the Nasdaq Hearings Panel (the “Panel”) of the Nasdaq Stock Market LLC (“Nasdaq”) had granted the Company’s request for an exception through April 15, 2024 to evidence compliance with the Nasdaq Listing Rule 5550(b)(1) (the “Listing Rule 5550(b)(1)”), which was subsequently extended to May 15, 2024. As a result of the conversion of a convertible note and a junior note held in favor of CP, the Company regained compliance with the stockholders’ equity requirement. On May 28, 2024, the Company received formal written notice from Nasdaq confirming that the Company had regained compliance with the minimum stockholders’ equity requirement as set forth in Listing Rule 5550(b)(1).

On March 5, 2024, the Company received a deficiency letter from the Nasdaq Listing Qualifications Department (the “Staff”) notifying the Company that, for the last 30 consecutive business days, the bid price for the Company’s Common Stock had closed below \$1.00 per share, which is the minimum closing price required to maintain continued listing on the Nasdaq Stock Market under Nasdaq Listing Rule 5550(a)(2) (the “Minimum Bid Requirement”). The Notice had no immediate effect on the listing of the Company’s Common Stock on Nasdaq. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company had 180 calendar days to regain compliance with the Minimum Bid Requirement. The compliance period for the Company expired on September 3, 2024. On September 4, 2024, the Staff notified the company in writing that it was eligible for an additional 180-day compliance period, or until March 3, 2025, to regain compliance with the Minimum Bid Requirement. On October 8, 2024, the Company completed a 1-for-15 reverse stock split of its Common Stock, in which each fifteen shares of Common Stock issued and outstanding was combined and converted into one share of Common Stock to regain compliance with the Minimum Bid Requirement. On October 22, 2024, the Staff notified the Company that it had regained compliance with the Minimum Bid Requirement.

### **Basis of Presentation and Principles of Consolidation**

These interim condensed consolidated financial statements of the Company are unaudited. In the opinion of management, all adjustments (consisting of normal recurring adjustments) and disclosures necessary for a fair presentation of these unaudited condensed consolidated financial statements have been included. The results reported in the unaudited condensed consolidated financial statements for any interim periods are not necessarily indicative of the results that may be reported for the entire year. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) and do not include all information and footnotes necessary for a complete presentation of financial statements in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”).

Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 21, 2025, as amended on March 28, 2025 (the “Form 10-K”). The December 31, 2024 balances reported herein are derived from the audited consolidated financial statements for the year ended December 31, 2024, retrospectively adjusted for discontinued operations.

#### ***Accounting for Wholly-Owned Subsidiaries***

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP and include the accounts of the Company and its wholly-owned Subsidiaries, as described above, in accordance with the provisions required by Accounting Standards Codification (“ASC”) Topic 810, *Consolidation* (“ASC 810”) of the Financial Accounting Standards Board (“FASB”). The Company includes results of operations of acquired companies from the date of acquisition. All significant intercompany transactions and balances are eliminated.

#### **Use of Estimates**

The preparation of the Company’s condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of expenses during the reporting period. On an ongoing basis, we evaluate estimates, which include estimates related to accruals, stock-based compensation expense, reported amounts of revenues and expenses during the reported period, fair value of warrant liabilities, sales tax liabilities, valuation of deferred tax assets, net realizable value of inventory, intangible assets, goodwill, and litigation. The Company bases its estimates on historical experience and other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. Actual results may differ materially from those estimates or assumptions.

The Company regularly evaluates its assets, including asset groups or reporting units, for impairment in accordance with U.S. GAAP. The Company is aware of the impact that prolonged net losses can have on the fair value of underlying assets and the overall company. The Company is committed to ensuring that the carrying amounts of its assets are appropriately assessed and adjusted for any impairment, reflecting a true and fair view of its financial position.

#### **Reclassifications**

The Company effected a 1-for-20 reverse stock split of its Common Stock on July 5, 2023 and a 1-for-15 reverse stock split of its Common Stock on October 8, 2024. All share and per share information has been retroactively adjusted to give effect to the reverse stock split for all periods presented unless otherwise indicated. The shares of Common Stock retained a par value of \$0.001 per share. Accordingly, the Stockholders’ equity (deficit) section of the condensed consolidated balance sheets reflects the reverse stock split by reclassifying from Common Stock to additional paid-in capital an amount equal to the par value of the decreased shares resulting from the reverse stock split.

Certain amounts in the condensed consolidated financial statements related to the prior years have been reclassified to conform to the current year’s presentation.

## Discontinued Operations

On December 31, 2024, the Company entered into and closed the Purchase Agreement with CP. Under the Purchase Agreement, CP acquired assets from the Company relating to the Cultivation Business. On March 30, 2025, the Company discontinued the Extraction Business.

As the sale of the Cultivation Business and the exit of the Extraction Business represented strategic shifts that will have a major effect on the Company's operations and financial results, they have been presented in discontinued operations in accordance with ASC 205, *Presentation of Financial Statements*, separate from continuing operations for the three months ended March 31, 2025 and 2024, and as of March 31, 2025 and December 31, 2024, as applicable. For further discussion, refer to Note 6 of this Quarterly Report.

## Accounts Receivable, Net

Accounts receivable, net, primarily consists of amounts for goods and services that are billed and currently due from customers. In accordance with the current expect credited loss ("CECL") impairment model under Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses* (Topic 326), accounts receivable balances are presented net of an allowance for credit losses, which are an estimate of billed or borrowed amounts that may not be collectible. In determining the amount of the allowance at each reporting date, management makes judgments about general economic conditions, historical write-off experience, and any specific risks identified in customer or borrower collection matters, including the aging of unpaid accounts receivable and changes in customer or borrower financial conditions. Accounts and loans receivable balances are written off after all means of collection are exhausted and the potential for non-recovery is determined to be probable. Adjustments to the allowance for credit losses are recorded as general and administrative expenses in the unaudited condensed consolidated statements of operations.

## Concentration of Credit Risk and Significant Customer

Financial instruments that potentially subject the Company to a concentration of credit risk primarily consist of cash, cash equivalents, and accounts receivable. Cash equivalents primarily consist of money market funds with original maturities of three months or less, which are invested primarily with U.S. financial institutions. Cash deposits with financial institutions generally exceed federally insured limits. Management believes minimal credit risk exists with respect to these financial institutions and the Company has not experienced any losses on such amounts.

For the three months ended March 31, 2025, the Company had four customers that accounted for 10% or more of the total revenue from continuing operations. These customers represented between 10% and 26% each of total revenue from continuing operations for the period. For the three months ended March 31, 2024, the Company had no revenue from continuing operations and therefore no customer represented a significant portion of revenue from continuing operations.

As of March 31, 2025, four of the Company's customers discussed above also accounted for between 15% and 37% each of accounts receivable. As of December 31, 2024, one customer accounted for 100% of total accounts receivable.

## Inventories

The Company values all its inventories, which consist primarily of finished goods and raw materials, at the lower of cost or net realizable value, with cost principally determined by the weighted-average cost method on a first-in, first-out basis. Write-offs of potentially slow-moving or damaged inventory are recorded through specific identification of obsolete or damaged material. The Company takes a physical inventory count at least once annually at all significant inventory locations.

## Warrant Liabilities

The Company evaluates all its financial instruments, including issued private placement stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC Topic 480, *Distinguishing Liabilities from Equity* ("ASC 480") and ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in ASC 480 and ASC 815. Management's assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, whether they meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own Common Stock among other conditions for equity classification.

Issued or modified warrants that meet all of the criteria for equity classification are recorded as a component of additional paid-in capital at the time of issuance. Issued or modified warrants that are precluded from equity classification are recorded as a liability at their initial fair value on the date of issuance and subject to remeasurement on each balance sheet date with changes in the estimated fair value of the warrants to be recognized as an unrealized gain or loss in the unaudited condensed consolidated statements of operations.

## Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, contingent consideration, operating lease liabilities, long-term debt, related party debt, and warrant liabilities. Refer to Note 4 - Fair Value Measures, included elsewhere in the notes to the unaudited condensed consolidated financial statements for details of the Company's financial instruments.

### Revenue Recognition

#### Overview

The Company generates revenue from continuing operations through the sale of hemp-derived beverages. In accordance with ASC Topic 606, Revenue Recognition ("ASC 606"), revenue is recognized through a five-step model, as outlined below:

- **Identify the customer contract:** A customer contract is identified when there is mutual approval and commitment between the Company and its customer, the rights and obligations are clear, payment terms are set, the contract has commercial substance, and collectability is probable. Written or electronic signatures on contracts and purchase orders are obtained if such orders are issued in the normal course of business by the customer.
- **Identify performance obligations that are distinct:** The Company identifies distinct performance obligations in each contract. A performance obligation is considered distinct if the customer can benefit from the good or service on its own or with readily available resources, and if it is separately identifiable from other promises in the contract. The Company's revenue-generating activities typically have a single performance obligation.
- **Determine the transaction price:** The transaction price is the amount of consideration the Company expects to receive in exchange for the sale of the product. This amount is determined excluding sales taxes collected on behalf of government agencies and net of any sales discounts, incentives, and returns.
- **Allocate the transaction price to distinct performance obligations:** The transaction price is allocated to each distinct performance obligation based on the relative standalone selling prices ("SSP") of the goods or services provided. If a contract involves multiple performance obligations, each is accounted for separately if distinct, and the SSP reflects the price the Company would charge if the good or service were sold separately in similar circumstances and to similar customers.
- **Recognize revenue as the performance obligations are satisfied:** Revenue is recognized when control of the product transfers to the customer, typically upon delivery or shipment, as the customer assumes the risks and rewards of ownership. Payment terms vary by customer, but the time between revenue recognition and payment due is generally not significant. For products sold under consignment arrangements, revenue is recognized only when control is transferred to the end customer. The Company does not maintain a specific reserve for returns due to the limited circumstances under which returns are permitted in customer agreements. Payments for slotting, listing fees, or other marketing or promotional activities, where legally permitted, are recorded as a reduction in revenue unless a distinct good or service is received in exchange.

## Net (Loss) Income Per Share

The Company presents basic and diluted net (loss) income per share attributable to Common Stockholders in conformity with the one-class method. The Company computes basic (loss) income per share by dividing net (loss) income available to Common Stockholders by the weighted-average number of Common Stock outstanding. Diluted (loss) income per share adjusts basic loss per share for the potentially dilutive impact of convertible notes, stock options, restricted stock units and warrants. For the three months ended March 31, 2024, the Company adjusts the net income available to common stockholders and the weighted average common stock outstanding for the effective of dilutive securities as presented within Note 15 – Net (Loss) Income Per Share. As the Company has reported losses for the three months ended March 31, 2025, all potentially dilutive securities including convertible notes, stock options, restricted stock units and warrants, are anti-dilutive, and accordingly, basic net loss per share equals diluted net loss per share for those periods.

Net (loss) income per share calculations for all periods have been adjusted to reflect the reverse stock splits effected on July 5, 2023 and October 8, 2024.

## Recently Adopted Accounting Pronouncements

On December 14, 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-09, *Improvements to Income Tax Disclosures*, a final standard on improvements to income tax disclosures. The standard requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income taxes paid. The standard applies to all entities subject to income taxes and is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. For public business entities (PBEs), the new requirements will be effective for annual periods beginning after December 15, 2024. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. The Company adopted this new standard on January 1, 2025 and the effect of this guidance will be reflected in the financial statements for the year ended December 31, 2025.

## Recently Announced Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income – Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses*. This guidance requires additional disclosure of certain amounts included in the expense captions presented on the Statement of Operations as well as disclosures about selling expenses. The ASU is effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted for annual financial statements that have not yet been issued. The Company is currently evaluating the impact of this ASU on its condensed consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-04, *Debt with Conversion and Other Options (“ASU 2024-04”)*, which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. ASU 2024-04 is effective for annual periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in Update 2020-06. Adoption can be on a prospective or retrospective basis. The Company is currently evaluating the disclosure impact that ASU 2024-04 may have on its condensed consolidated financial statement presentation and disclosures.

Other recent accounting pronouncements did not or are not believed by management to have a material impact on the Company’s present or future condensed consolidated financial statements.

## Note 2 — Revenue and Contract Liabilities

### Revenue

The Company generates revenue in continuing operations from hemp-derived beverage sales.

For the three months ended March 31, 2025, all of the Company's revenue from continuing operations is transferred at a point-in-time and relates to hemp-derived beverages. For the three months ended March 31, 2024, there was no revenue from continuing operations.

In accordance with ASC 606-10-50-13, the Company is required to include disclosure on its remaining performance obligations as of the end of the current reporting period. Due to the nature of the Company's contracts, these reporting requirements are not applicable because the majority of the Company's remaining contracts meet certain exemptions as defined in ASC 606-10-50-14 through 606-10-50-14A, including (i) performance obligation is part of a contract that has an original expected duration of one year or less and (ii) the right to invoice practical expedient.

## Note 3 — Supplemental Condensed Consolidated Balance Sheet Information

### Accounts Receivable, Net

Accounts receivable, net, consisted of the following as of March 31, 2025 and December 31, 2024:

<i>(In thousands)</i>	March 31, 2025	December 31, 2024
Accounts receivable, gross	\$ 381	\$ 30
Less allowance for credit losses	—	—
Accounts receivable, net	\$ 381	\$ 30

There is nil allowance for credit losses as of March 31, 2025 and December 31, 2024.

### Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following as of March 31, 2025 and December 31, 2024:

<i>(In thousands)</i>	March 31, 2025	December 31, 2024
Prepaid expenses, other	\$ 746	\$ 142
Prepaid materials	451	—
Prepaid insurance	106	86
Other receivables	71	170
Total prepaid expenses and other current assets	\$ 1,374	\$ 398

## Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following as of March 31, 2025 and December 31, 2024:

<i>(In thousands)</i>	March 31, 2025	December 31, 2024
Accrued consulting fees	\$ 1,633	\$ 383
Compensation related fees	926	1,112
Accrued professional fees	171	802
Accrued interest expense	411	161
Other current liabilities	180	—
Sales tax payable	4	4
Litigation reserve	298	1,628
Total accrued expenses and other current liabilities	<u>\$ 3,623</u>	<u>\$ 4,090</u>

During the three months ended March 31, 2025, the company paid \$1.5 million into escrow related to Cultivation Sale Agreement. See related legal matters in Note 16.

### Note 4 — Fair Value Measures

#### *Fair Values of Assets and Liabilities*

In accordance with ASC Topic 820, *Fair Value Measurement*, the Company measures fair value at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the assumptions that market participants would use in pricing an asset or liability (the inputs) are based on a tiered fair value hierarchy consisting of three levels, as follows:

Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets.

Level 2: Other inputs that are observable directly or indirectly, such as quoted prices for similar instruments in active markets or for similar markets that are not active.

Level 3: Unobservable inputs for which there is little or no market data which require the Company to develop its own assumptions about how market participants would price the asset or liability.

Valuation techniques for assets and liabilities include methodologies such as the market approach, the income approach or the cost approach, and may use unobservable inputs such as projections, estimates and management's interpretation of current market data. These unobservable inputs are only utilized to the extent that observable inputs are not available or cost-effective to obtain.

At March 31, 2025 and December 31, 2024, the Company's assets and liabilities measured at fair value on a recurring basis were as follows:

<i>(In thousands)</i>	March 31, 2025				December 31, 2024			
	Fair Value Measurements Using Input Types				Fair Value Measurements Using Input Types			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Liabilities:</b>								
Warrant liabilities	\$ —	\$ —	\$ 589	\$ 589	\$ —	\$ —	\$ 996	\$ 996
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 589</u>	<u>\$ 589</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 996</u>	<u>\$ 996</u>

## Fair Value of Financial Instruments

The Company has certain financial instruments which consist of cash and cash equivalents, accounts receivable, contingent consideration, operating lease liabilities, long-term debt, related party debt, and warrant liabilities. Fair value information for each of these instruments as well as other balances of the Company are as follows:

- Cash and cash equivalents approximate their fair value based on the short-term nature of these instruments.
- Accounts receivable are presented net of an allowance for estimated credit losses, which approximates fair value.
- The carrying value of lease liabilities approximates fair value due to the implicit discount rates used in the determination of the lease liabilities being consistent with the Company's incremental borrowing rates at the time of lease inception and accounting for the duration of the leases.
- Long-term debt and related party debt, including the debt that has undergone troubled debt restructuring, is carried at amortized cost, dictated by the prevailing market interest rates at the time of each transaction in accordance with ASC Topic 470, *Debt* ("ASC 470").
- The Company's warrant liabilities are marked-to-market each reporting period with the changes in fair value of warrant liabilities recorded in other income (expense), net in the accompanying unaudited condensed consolidated statements of operations until the warrants are exercised. The fair value of the warrant liabilities is estimated using a Black-Scholes option-pricing model.
- The Company has pre-funded warrants issued to a related party. As of result of the latest amendment executed as of December 31, 2024, the warrants met the requirements for equity classification and were marked to fair value as of December 31, 2024. The warrants will not be marked to fair value on a recurring basis.

### *Warrant Liabilities*

The estimated fair value of the warrant liabilities on March 31, 2025 and December 31, 2024 is determined using Level 3 inputs. Inherent in a Black-Scholes option-pricing model are assumptions used in calculating the estimated fair values that represent the Company's best estimate. The volatility rate is determined utilizing the Company's own share price and the share price of competitors over time.

However, inherent uncertainties are involved. If factors or assumptions change, the estimated fair values could be materially different.

The following table summarizes the Company's assumptions used in the valuations as of March 31, 2025 and December 31, 2024:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Stock price	\$ 17.55	\$ 28.99
Exercise price	\$ 0.14 - \$22,440.00	\$ 0.14 - \$22,440.00
Expected term (in Years)	1.83 - 2.89	2.08 - 3.14
Volatility	171.0%	171.0%
Discount rate - treasury yield	3.89%	4.27%

The following table (in thousands) sets forth a summary of the changes in the fair value of the Level 3 warrant liabilities for the three months ended March 31, 2025 and for the year ended December 31, 2024:

<b>(In thousands)</b>	<b>Three months ended March 31, 2025</b>	<b>For the year ended December 31, 2024</b>
Warrant liabilities - beginning of period	\$ 996	\$ 1,290
Initial fair value of warrant liabilities	—	5,601
Exercise of warrants	—	(3,026)
Reclassification of warrant liabilities to equity	—	(20,771)
Change in estimated fair value	(407)	17,902
Warrant liabilities end of period	<u>\$ 589</u>	<u>\$ 996</u>

#### **Note 5 — Inventory**

Inventories are stated at the lower of cost or net realizable value, with cost principally determined by the weighted-average cost method on a first-in, first-out basis. Such costs include the acquisition cost for raw materials and operating supplies. The Company's standard payment terms with suppliers may require making payments in advance of delivery of the Company's products. The Company's prepaid inventory is applied to the purchase of products once they are delivered.

Inventory consisted of the following as of March 31, 2025 and December 31, 2024:

<b>(In thousands)</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Finished goods	442	500
Raw materials	\$ 250	\$ —
Packaging materials	70	—
Inventory, gross	762	500
Inventory reserves	(24)	—
Total inventory, net	<u>\$ 738</u>	<u>\$ 500</u>

#### *Inventory Reserves*

The Company establishes an inventory reserve for obsolete, slow moving, and defective inventory. The Company calculates inventory reserves for obsolete, slow moving, or defective items as the difference between the cost of inventory and its estimated net realizable value. The reserves are based upon management's expected method of disposition.

#### **Note 6 – Discontinued Operations**

##### ***Cultivation Business Discontinued Operations***

On December 31, 2024, the Company executed and closed the Purchase Agreement with CP for the sale of assets relating to the Company's Cultivation Business. The consideration for the sale of the Cultivation Business consisted of the assumption by CP of all the Company's secured indebtedness currently held by CP with an aggregate amount of principal and accrued interest of approximately \$7 million, as well as certain other liabilities related to the Cultivation Business. The sale represents efforts to strategically shift the Company's direction to focus on its hemp-related business operations. As a result, the Cultivation Business has been presented as discontinued operations in the condensed consolidated financial statements for all periods presented.

The disposition resulted in a loss on sale of \$11.9 million along with a loss from discontinued operations of \$1.5 million for a total loss of \$13.4 million, which was recorded in net loss from discontinued operations in the consolidated statement of operations for the period ended December 31, 2024. The operating results of the Cultivation Business were reported as a net loss from discontinued operations in the consolidated statements of operations through December 31, 2024, the date of disposition, and were considered material.

The assets and liabilities associated with discontinued operations with respect to the Cultivation Business consisted of the following as of March 31, 2025 and December 31, 2024, respectively:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
<i>(In thousands)</i>		
<b>Assets</b>		
Current assets:		
Prepaid expenses and other current assets	\$ —	\$ 62
Current assets associated with discontinued operations	—	62
<b>Total assets associated with discontinued operations</b>	<b>\$ —</b>	<b>\$ 62</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 70	\$ 2
Accrued expenses and other current liabilities	—	47
Current liabilities associated with discontinued operations	70	49
<b>Total liabilities associated with discontinued operations</b>	<b>\$ 70</b>	<b>\$ 49</b>

The following table summarizes the Company's income from discontinued operations of the Cultivation Business for the three months ended March 31, 2025 and 2024, respectively:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<i>(In thousands)</i>		
Revenue	\$ —	\$ (60)
Cost of goods sold	—	654
Gross loss	—	(714)
Selling, general and administrative	175	975
Gain on settlement of contingent liabilities	—	(5,935)
<b>Total operating (loss) income</b>	<b>175</b>	<b>(4,960)</b>
<b>Operating (loss) income from discontinued operations</b>	<b>(175)</b>	<b>4,246</b>
Net (loss) income from discontinued operations	(175)	4,246
Income tax effect on discontinued operations	—	—
<b>(Loss) income from discontinued operations, net of income taxes</b>	<b>\$ (175)</b>	<b>\$ 4,246</b>

The condensed consolidated statements of cash flows include continuing operations and discontinued operations.

The following table summarizes the depreciation and amortization of long-lived assets, provisions for credit losses, and adjustments to net realizable value of inventories related to discontinued operations of the Cultivation Business for the three months ended March 31:

	<b>2025</b>	<b>2024</b>
<i>(In thousands)</i>		
Depreciation and amortization	\$ —	\$ 285
(Recovery of) provision for credit losses	—	(284)
Provision for slow-moving inventory	—	16

### Extraction Business Discontinued Operations

On March 30, 2025, the Company approved the discontinuation and wind down of its legacy Extraction Business. As a result, all operations associated with the Extraction Business have ceased as of March 31, 2025, and the Company has initiated the sale or disposal of all remaining assets related to the Extraction Business. In addition, all outstanding contracts associated with the Extraction Business have been or are in the process of being terminated in accordance with their respective terms. In connection with the discontinuation of the business, the Company reduced its workforce by nine employees on April 1, 2025. The discontinuation of the legacy Extraction Business represents efforts to strategically shift the Company's direction to support the continued expansion of its hemp-derived beverage business operations. As a result, the Extraction Business has been presented as discontinued operations in the condensed consolidated financial statements for all periods presented.

As a result of the decision to wind down the Extraction Business, a gain of approximately \$3.6 million, net with a loss from discontinued operations of \$1.7 million for a total net gain of \$1.8 million, was recorded in net income from discontinued operations in the condensed consolidated statement of operations for the three months ended March 31, 2025. The operating results of the Extraction Business were reported as a net loss from discontinued operations in the condensed consolidated statements of operations through March 31, 2025, the date of disposition, and were considered material. The net loss from discontinued operations for the three months ended March 31, 2024, represents the Extraction Business' operating results from the prior year. The assets and liabilities related to the Extraction Business have been separately classified in the accompanying condensed consolidated balance sheet as of March 31, 2025 and December 31, 2024. Balances as of March 31, 2025 have been remeasured at fair value less cost to sell as of March 31, 2025.

The assets and liabilities associated with discontinued operations with respect to the Extraction Business consisted of the following as of March 31, 2025 and December 31, 2024, respectively:

<i>(In thousands)</i>	<b>March 31, 2025</b>	<b>December 31, 2024</b>
<b>Assets</b>		
Current assets:		
Accounts receivable, net	\$ 193	\$ 318
Inventory, net	-	1,079
Prepaid expenses and other current assets	40	1,137
Current assets associated with discontinued operations	233	2,534
Property and equipment, net	-	186
Operating lease right-of-use assets	108	504
Other non-current assets	12	25
Non-current assets associated with discontinued operations	120	715
Total assets of discontinued operations	<u>\$ 353</u>	<u>\$ 3,249</u>
Current liabilities:		
Accounts payable	\$ 744	\$ 1,247
Accrued expenses and other current liabilities	554	5,160
Operating lease liabilities, current	135	261
Customer deposits	1,354	2,525
Current liabilities associated with discontinued operations	2,787	9,193
Operating lease liabilities, net of current	-	257
Non-current liabilities associated with discontinued operations	-	257
Total liabilities associated with discontinued operations	<u>\$ 2,787</u>	<u>\$ 9,450</u>

The following table summarizes the Company's income (loss) from discontinued operations of the Extraction Business for the three months ended March 31, 2025 and 2024, respectively:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
<i>(In thousands)</i>		
Revenue	\$ 1,169	\$ 2,658
Cost of goods sold	1,820	1,779
Gross (loss) profit	<u>(651)</u>	<u>879</u>
Selling, general and administrative	1,070	2,029
Impairment of right-of-use assets	24	-
Gain on disposal on property and equipment	(2)	-
Total operating expenses	<u>1,092</u>	<u>2,029</u>
<b>Operating loss from discontinued operations</b>	<b>(1,743)</b>	<b>(1,150)</b>
<b>Other Income</b>		
Gain on disposal of Extraction business	3,566	-
Other income, net	<u>-</u>	<u>14</u>
Total other income	3,566	14
Net income (loss) from discontinued operations	1,823	(1,136)
Income tax effect on discontinued operations	-	-
Income (loss) from discontinued operations, net of income taxes	<u>\$ 1,823</u>	<u>\$ (1,136)</u>

The condensed consolidated statements of cash flows include continuing operations and discontinued operations.

The following table summarizes the depreciation and amortization of long-lived assets, provisions for credit losses, and adjustments to net realizable value of inventories related to discontinued operations of Extraction Business for the three months ended March 31:

	<b>2025</b>	<b>2024</b>
<i>(In thousands)</i>		
Depreciation and amortization	\$ 52	\$ -
Provision for credit losses	\$ 111	\$ -
Recovery of provision for slow-moving inventory	\$ -	\$ (27)

## Note 7 — Business Combinations

As previously disclosed in the Form 10-K, the Company acquired certain assets from Double or Nothing, the owner and creator of the Señorita brand of hemp-derived THC drinks, on December 12, 2024. The transaction was accounted for as a business combination under ASC 805, *Business Combinations*.

The Company prepared a preliminary purchase price allocation for the business combination. The preliminary valuation was based on management's estimates and assumptions which are subject to change within the purchase price allocation period (generally not more than one year from the acquisition date). The primary areas of the purchase price allocation that are not yet finalized relate to the valuation of the intangible assets acquired and the residual goodwill.

The following table summarizes the initial accounting estimates:

<b>Allocation of Purchase Price (in thousands)</b>	
Tradenames	\$ 6,100
Customer Relationships	2,800
Deposits	123
Inventory	500
Goodwill	9,713
Total purchase price	<u>19,236</u>

As of March 31, 2025, the preliminary purchase price allocation remains unchanged. The valuation of certain acquired intangible assets and the resulting goodwill continues to be based on preliminary estimates. The Company is in the process of obtaining additional information necessary to complete the valuation analysis. As such, the purchase price allocation remains provisional and is subject to change within the measurement period.

Refer to Note 8 – Intangible Assets, Net in this Quarterly Report, for further information related to the identified intangible assets acquired in this transaction.

**Note 8 – Intangible Assets, Net**

Intangible assets, net at March 31, 2025 and December 31, 2024 are summarized as follows:

	<b>March 31, 2025</b>				
	<b>Estimated Useful Life in Years</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Accumulated Impairment Amount</b>	<b>Net Carrying Amount</b>
Tradenames	7	6,100	(215)	—	5,885
Customer Relationships	10	2,800	(69)	—	2,731
		<u>\$ 8,900</u>	<u>\$ (284)</u>	<u>\$ —</u>	<u>\$ 8,616</u>

  

	<b>December 31, 2024</b>				
	<b>Estimated Useful Life in Years</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Accumulated Impairment Amount</b>	<b>Net Carrying Amount</b>
Tradenames	7	6,100	—	—	6,100
Customer Relationships	10	2,800	—	—	2,800
		<u>\$ 8,900</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,900</u>

The Company recorded amortization expense of \$284 thousand and \$0, respectively, in general and administrative expense in the condensed consolidated statements of operations for the three months ended March 31, 2025 and the three months ended March 31, 2024.

**Note 9 – Debt**

The Company's debt consisted of:

<b>(In thousands)</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>
<b>Related party debt:</b>		
Green Thumb Note	\$ 10,000	\$ 10,000
Total related party debt	10,000	10,000
Less: current portion	(10,000)	(10,000)
Related party debt, net of current	<u>\$ —</u>	<u>\$ —</u>
<b>Short-term debt:</b>		
PPP Loan	\$ 611	\$ 518
Other Notes Payable - Current	4	4
Total short-term debt	<u>\$ 615</u>	<u>\$ 522</u>
<b>Long-term debt:</b>		
Other notes payable	—	1
Total long-term debt	—	<u>1</u>
Less: current portion	—	—
Long-term debt, net of current	<u>\$ —</u>	<u>\$ 1</u>

### Green Thumb Convertible Note

On November 5, 2024, the Company issued a Secured Convertible Note (the “Green Thumb Note”) to RSLGH, LLC (the “Investor”), a subsidiary of Green Thumb Industries Inc. (“Green Thumb”). The Green Thumb Note is a secured obligation of the Company and ranks senior to all indebtedness of the Company. The Green Thumb Note will mature on November 5, 2025 and has a 10.0% annualized interest rate. The principal amount of the Green Thumb Note will be payable on the maturity date. The Green Thumb Note provides for advances of up to \$20 million in the aggregate, of which \$10 million was advanced upon issuance. The Green Thumb Note was amended on May 8, 2025 to issue pre-funded warrants in lieu of cash interest with 18,614 pre-funded warrants issued on May 8, 2025 and an additional 11,373 pre-funded warrants to be issued on September 1, 2025, replacing the previously defined cash interest payment dates. The number of pre-funded warrants is equal to the cash interest amount otherwise payable on The Green Thumb Note divided by the closing share price on May 8, 2025, which is the effective date of the amendment. No changes were made to the conversion price of the principal amount of the Green Thumb Note.

The Green Thumb Note imposes certain customary affirmative and negative covenants upon the Company, including covenants relating to corporate existence, indebtedness, liens, distributions, affiliate transactions, and issuance of other notes. If an event of default under the Green Thumb Note occurs, the Investor can elect to redeem the Green Thumb Note for cash equal to the then-outstanding principal amount of the Green Thumb Note (or such lesser principal amount accelerated by the Investor), plus accrued and unpaid interest, including default interest, which accrues at a rate per annum equal to 14% from the date of a default or event of default. The Company is in compliance with these covenants. If the Investor elects to convert the Green Thumb Note, the conversion price per share will be \$3.158, subject to customary adjustments for certain corporate events. The conversion of the Green Thumb Note will be subject to certain customary conditions and the receipt of stockholder approval to the extent necessary under Nasdaq listing rules.

Borrowings under the Green Thumb Note as of March 31, 2025 totaled \$10 million which are recorded on the Company’s condensed consolidated balance sheets in related party debt. Interest expense incurred on the Green Thumb Note amounted to approximately \$250 thousand and \$0 thousand for the three months ended March 31, 2025 and 2024, respectively.

As of March 31, 2025, future minimum principal payments on all debt positions, excluding accrued interest amounts, were as follows:

#### Years ending December 31 (In thousands)

Remaining 2025	\$ 10,614
2026	1
Total future payments	<u>\$ 10,615</u>

### Note 10 — Leases

The determination as to whether any arrangement contained a lease at its inception was performed based on whether or not the Company has the right to control the asset during the contract period. The lease term was determined assuming the exercise of options that were reasonably certain to occur. Leases with an original lease term of 12 months or less at inception were not reflected in the Company’s condensed consolidated balance sheet and those lease costs are expensed on a straight-line basis over the respective term. Leases with a term greater than 12 months were reflected as non-current right-of-use assets and current and non-current lease liabilities in the Company’s condensed consolidated balance sheets.

As the implicit interest rate in its leases was generally not known, the Company used its incremental borrowing rate as the discount rate for purposes of determining the present value of its lease liabilities. The Company’s incremental borrowing rate was determined using the interest rate on a long term debt position entered into at approximately the same time and for the same duration as the lease.

When a contract contained lease and non-lease elements, both were accounted for as a single lease component.

As of March 31, 2025 and December 31, 2024, the Company had no active finance leases.

Also during the three months ended March 31, 2025, in connection with the discontinuation of Extraction Business, the Company subleased the assets under one of its leases, with the sublease commencement date on April 1, 2025, for \$9 thousand per month. The Company recognized an impairment of right-of-use assets of \$24 thousand, within loss from discontinued operations in the condensed consolidated statements of operations.

During the three months ended March 31, 2025, in connection with the discontinuation of Extraction Business, the Company early terminated a lease and recognized a loss on lease termination of \$161 thousand, within gain on disposal of Extraction Business in the condensed consolidated statements of operations.

As of March 31, 2025, the Company did not have any operating leases related to continuing operations. As such, no operating lease cost, weighted average remaining lease term, or weighted average discount rate, and cash paid for operating leases are presented for continuing operations for the three months ended March 31, 2025. As of March 31, 2025, there is no future lease payment related to continuing operations.

## **Note 11 — Stockholders' Equity**

On February 27, 2024, the Company entered into a placement agency agreement (the "Agency Agreement") with Alexander Capital as placement agent (the "Placement Agent"), pursuant to which the Company agreed to issue and sell an aggregate of 184,000 shares of its Common Stock, and, in lieu of Common Stock to certain investors that so chose, pre-funded warrants to purchase 264,246 shares of its Common Stock (the "S-1 Offering"). The public offering price for each share of Common Stock was \$5.70, and the offering price for each pre-funded warrant is \$5.685, which equals the public offering price per share of the Common Stock, less the \$0.015 per share exercise price of each pre-funded warrant.

The Company issued 4,482 warrants to purchase Common Stock to Alexander Capital (the "Placement Agents Warrants"). The Placement Agents Warrants were classified as equity warrants and recorded under additional paid-in capital in the condensed consolidated balance sheets. The Placement Agents Warrants had a five-year term and exercise price of 100% of the offering price, and were subject to adjustment for stock splits, reverse stock splits, stock dividends, and similar transactions. The Placement Agents Warrants were exercisable on a cash basis, unless there was not an effective registration statement covering the issuance of the shares issuable upon exercise of the Placement Agents Warrants or if shareholder approval for the full exercise of the Placement Agents Warrants was not received, in which case the Placement Agents Warrants will also be exercisable on a cashless exercise basis at Alexander Capital's election. The Placement Agent Warrants were exercised in full during November 2024.

The measurement of fair value of the Placement Agents Warrants was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of \$7.80, exercise price of \$5.70, term of five years, volatility of 128%, risk-free rate of 4.32%, and expected dividend rate of 0%). The grant date fair value of these Placement Agents Warrants was estimated to be \$31 thousand on February 27, 2024, and was originally recorded within additional paid-in capital. As the Placement Agents Warrants were exercised during the year ended December 31, 2024, the related amounts remain within equity as part of the total proceeds from the issuance of Common Stock.

## **Note 12 — Stock-Based Compensation and Employee Benefit Plans**

### **2022 Omnibus Equity Incentive Plan**

On April 29, 2022, the Company's Board of Directors, and on June 8, 2022, the Company's stockholders, adopted and approved the 2022 Omnibus Equity Incentive Plan (the "2022 Plan"), which provides for the grant of stock options, stock appreciation right awards, performance share awards, restricted stock awards, restricted stock unit awards, other stock-based awards and cash-based awards. The aggregate number of shares of Common Stock that may be reserved and available for grant and issuance under the 2022 Plan is 1,765 shares and 16,667 additional shares issued upon approval by the Board of Directors on January 8, 2024. On August 12, 2024, the Company's stockholders approved an amendment to the 2022 Plan to increase the number of shares issuable thereunder by 166,667. Shares will be deemed to have been issued under the 2022 Plan solely to the extent actually issued and delivered pursuant to an award. The 2022 Plan shall continue in effect, unless sooner terminated, until the tenth anniversary of the date on which it was adopted by the Board of Directors. As of March 31, 2025, there were 920 shares of Common Stock available to be granted under the Company's 2022 Plan.

The Company's stock compensation expense from continuing operations was \$587 thousand and \$453 thousand for the three months ended March 31, 2025 and 2024, respectively.

The Company's stock compensation expense from discontinued operations was \$2 thousand and \$37 thousand for the three months ended March 31, 2025 and 2024, respectively.

### ***Stock Options***

For three months ended March 31, 2025, there were no options granted or exercised under the Company's stock option plans. For the same period, there were 126 options expired with a weighted average exercise price of \$12 thousand. There were 90 and 216 options outstanding with a weighted average exercise price of \$24 thousand and \$19 thousand as of March 31, 2025 and December 31, 2024, respectively. There were 90 options vested and exercisable with a weighted average exercise price of \$24 thousand as of March 31, 2025. There were 90 options vested and expected to vest with a weighted average exercise price of \$24 thousand as of March 31, 2025.

As of March 31, 2025, there was no unrecognized compensation expense related to unvested options.

The following table summarizes information about options vested and exercisable at March 31, 2025:

<b>Options Vested and Exercisable</b>				
<b>Price (\$)</b>	<b>Number of Options</b>	<b>Weighted-Average Remaining Contractual Life (Years)</b>	<b>Weighted-Average Exercise Price</b>	
\$ 40,234	38	5.89	\$ 40,234	
\$ 14,248	41	5.59	\$ 14,248	
\$ 5,717	11	5.24	\$ 5,717	

The following table summarizes information about options vested and expected to vest after March 31, 2025:

<b>Options Vested and Expected to Vest</b>				
<b>Price (\$)</b>	<b>Number of Options</b>	<b>Weighted-Average Remaining Contractual Life (Years)</b>	<b>Weighted-Average Exercise Price</b>	
\$ 40,234	38	5.89	\$ 40,234	
\$ 14,248	41	5.59	\$ 14,248	
\$ 5,717	11	5.24	\$ 5,717	

#### **Restricted Stock Units**

Under the 2022 Plan, the Company may grant restricted stock units to employees, directors and officers. The restricted stock units granted generally vest equally over periods ranging from one to three years, subject to certain exceptions for directors. The fair value of restricted stock units is determined based on the closing market price of the Company's Common Stock on the date of grant. Compensation expense related to the restricted stock units is recognized using a straight-line attribution method over the vesting period.

The following table presents restricted stock unit activity for the three months ended March 31, 2025:

	<b>Number of Shares</b>	<b>Weighted-Average Grant Date Fair Value</b>
Unvested at December 31, 2024	102,867	\$ 17.42
Granted	2,500	23.71
Vested	—	—
Forfeited	(3,235)	4.74
Unvested at March 31, 2025	102,132	18.01

As of March 31, 2025, total unrecognized compensation expense related to unvested restricted stock units was \$858 thousand, which is expected to be recognized over a weighted average period of 0.43 years.

#### **Note 13 — Stock Warrants**

The following tables present all warrant activity of the Company for the three months ended March 31, 2025:

	<b>Number of Warrants</b>	<b>Weighted-Average Exercise Price</b>
Warrants outstanding at December 31, 2024	7,576,573	\$ 7.30
Issued	—	\$ —
Exercised	—	\$ —
Canceled	—	\$ —
Warrants outstanding at March 31, 2025	7,576,573	\$ 7.30

## Note 14 — Income Taxes

The Company's effective income tax rates were 0% for each of the three months ended March 31, 2025 and 2024. There was no provision for (benefit from) income taxes for the three months ended March 31, 2025 and 2024. There is no difference between the Company's effective tax rates for the 2025 and 2024 periods. There was no change in the provision for (benefit from) income taxes for the three months ended March 31, 2025 compared to the three months ended March 31, 2024.

## Note 15 — Net (Loss) Income Per Share

Net (loss) income per share calculations for all periods have been adjusted to reflect the Company's reverse stock splits. Net (loss) income per share was calculated based on the weighted-average number of shares of the Company's Common Stock outstanding.

Basic net (loss) income per share is calculated using the weighted-average number of shares of Common Stock outstanding during the periods. Diluted net (loss) income per share is computed by giving effect to all potential shares of Common Stock, including the reflection of as-converted convertible notes, outstanding stock options, stock related to unvested restricted stock units, and outstanding warrants to the extent dilutive. Net (loss) income per share, assuming dilution, is equal to basic net (loss) income per share for the three months ended March 31, 2025 and 2024 because the effect of dilutive securities outstanding during the periods, including convertible notes, options, restricted stock units and warrants computed using the treasury stock method, is anti-dilutive.

The components of basic and diluted net loss per share were as follows:

(In thousands, except share and per share data)	Three months ended March 31,	
	2025	2024
<b>Numerator:</b>		
Net (loss) income attributable to Agrify Corporation from continuing operations	\$ (3,274)	\$ 1,126
Net income attributable to Agrify Corporation from discontinued operations	1,648	3,110
Numerator for basic EPS - net(loss) income available for common shareholders	<u>\$ (1,626)</u>	<u>\$ 4,236</u>
Effect of dilutive securities:		
Interest expense on convertible notes - from continuing operations	\$ —	\$ 297
Numerator for diluted EPS - net (loss) income available for common shareholders after assumed conversions	<u>\$ (1,626)</u>	<u>\$ 4,533</u>
<b>Denominator:</b>		
Denominator for basic EPS - Weighted-average common shares outstanding	1,952,022	460,133
Effect of dilutive securities:		
Conversion of convertible notes	—	737,758
Denominator for diluted EPS - adjusted weighted-average common stock outstanding after assumed conversions	<u>1,952,022</u>	<u>1,197,891</u>
Basic net (loss) income per share attributable to common stockholders	<u>\$ (0.83)</u>	<u>\$ 9.21</u>
Diluted net (loss) income per share attributable to common stockholders	<u>\$ (0.83)</u>	<u>\$ 3.78</u>

As of March 31, 2024, the Company had convertible notes outstanding with a principal balance of approximately \$14.8 million convertible into 688,827 shares of Common Stock. During the three months ended March 31, 2024, the Company also converted a portion of the convertible notes into 178,109 shares of Common Stock. Given the nominal exercise price of the Company's issuance of pre-funded warrants, such pre-funded warrants are included in the calculation of basic net (loss) income per share and weighted for the period outstanding from issuance to March 31, 2024. The exercise price per warrant is deemed non-substantive when compared to the fair value of the underlying shares of Common Stock. In determination of the denominator for diluted earnings per share ("EPS") for the three months ended March 31, 2024, the Company assumed conversion of the 178,109 shares of Common Stock as of the beginning of the period, January 1, 2024, eliminating the weighting of the shares from issuance to March 31, 2024. The Company also included in the denominator for diluted EPS for the three months ended March 31, 2024, the assumed conversion of 688,827 shares of Common Stock related to the convertible notes.

For each of the periods presented, the Company’s potential dilutive securities, which include stock options, restricted stock units, and warrants, have been excluded from the computation of basic and diluted net (loss) income per share with the exception of the pre-funded warrants, or penny warrants, which are included in the computation, as detailed above. The weighted-average number of shares of Common Stock outstanding used to calculate both basic and diluted net loss per share attributable to Common Stockholders is the same. The Company excluded the following potential Common Stock equivalents presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to Common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
Shares subject to outstanding warrants	7,576,573	217,728
Shares subject to unvested restricted stock units	102,132	122
Shares subject to outstanding stock options	90	680
	<u>7,678,795</u>	<u>218,530</u>

## **Note 16 — Commitments and Contingencies**

### **Legal Matters**

From time to time, the Company may become involved in material legal proceedings or be subject to claims arising in the ordinary course of our business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

#### ***Bud & Mary’s Litigation***

On September 15, 2022, the Company provided a notice of default to Bud & Mary’s Cultivation, Inc. (“Bud & Mary’s”) and certain related parties notifying such parties that Bud & Mary’s was in default of its obligations under the TTK solution between the Company and Bud & Mary (the “Bud & Mary TTK Agreement”). On October 5, 2022, Bud & Mary’s filed a complaint in the Superior Court of Massachusetts in Suffolk County, naming the Company as the defendant (the “Bud & Mary Complaint”). Bud & Mary’s is seeking, among other relief, monetary damages in connection with alleged unfair or deceptive trade practices, breach of contract and conversion arising from the Bud & Mary TTK Agreement. While the Company believes the claim is without merit and will continue to vigorously defend itself against Bud & Mary’s allegations, litigation is inherently unpredictable and there can be no assurance that the Company will prevail in this matter. During the third quarter of 2022, the Company deemed it necessary to fully reserve for the outstanding \$14.7 million note receivable balance due to the current litigation and the uncertainty of the customer’s ability to repay the balance. As of December 31, 2024, the allowance related to Bud & Mary’s was reduced to \$14.4 million, reflecting a recovery of allowance for credit losses resulting from a loan repayment of \$330 thousand that was previously included in the allowance. The \$14.4 million represents the amount of the contingent loss that the Company has determined to be reasonably possible and estimable. The actual cost of resolving this matter may be higher or lower than the amount the Company has reserved. If the Company is unable to realize revenue from its TTK Solution offerings on a timely basis or at all, or if it incurs an additional loss as a result of the Bud & Mary’s claim, the Company’s business and financial performance will be adversely affected. On November 14, 2022, the Company filed its answers and affirmative defenses to the Bud & Mary Complaint and counterclaims. The Company is seeking, among other relief, monetary damages in connection with the breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, and enforcement of the guarantees. This matter is still actively ongoing. This matter is subject to the Cultivation sale escrow litigation reserve agreement where the Company funded \$1.5 million in January 2025 into escrow for the benefit of settling this and other claims.

#### ***Bowdoin Construction Corp. Litigation***

On February 22, 2023, Bowdoin Construction Corp. (“Bowdoin”) filed a complaint in the Superior Court of Massachusetts in Norfolk County, Massachusetts (the “Bowdoin Complaint”), naming the Company, Bud & Mary’s and certain related parties as defendants, captioned Bowdoin Construction Corp. v. Agrify Corporation, Bud & Mary’s Cultivation, Inc. and BMLC2, LLC, case no. 2382CV00173. The Bowdoin Complaint relates to a construction contract between Bowdoin and the Company relating to the property that is the subject of the Bud & Mary’s Complaint, and alleges breach of contract by Bud & Mary’s and by the Company due to nonpayment of approximately \$7.0 million due under the contract and related indemnification claims and mechanics’ liens. \$6.3 million is included in accounts payable and \$700 thousand is included in accrued expenses and other current liabilities in the condensed consolidated balance sheet. Two of Bowdoin’s subcontractors, Hannon Electric, Inc. and Electric Supply Center Corp, have filed separate suits against the Company in the amount of \$1.498 million and \$93 thousand, respectively. These amounts are part of the \$7.0 million claimed in Bowdoin’s Complaint. The Bowdoin suit and the subcontractor suits have been consolidated. The Company has denied liability in all such suits. This matter is subject to the sale of the Cultivation Business escrow litigation reserve agreement where the Company funded \$1.5 million in January 2025 into escrow for the benefit of settling this and other claims.

### ***TRC Electronics Litigation***

The Company was named as a defendant in a complaint filed by TRC Electronics, Inc. (“TRC”) on April 13, 2023 in the United States District Court for the Eastern District of Pennsylvania. In the complaint, TRC asserts two causes of action against the Company: (1) breach of contract, and (2) promissory estoppel. TRC’s claims are based on allegations that the Company failed to make payments due under three purchase orders for commercial electronics parts. TRC was seeking damages in the amount of \$0.5 million, plus attorneys’ fees, costs, and post-judgment interest. This matter was settled in January 2025 for no cost to the Company.

### ***McCutchan, Inc.***

In December 2021, the Company entered into a standard form of agreement between owner and contractor whereby Valiant Group LLC (“Valiant”) is the general contractor for tenant improvements on certain real property located in Bellevue, Washington (the “Project”). McCutchan, Inc. (“McCutchan”) agreed to be a subcontractor on the Project and engaged various other subcontractors (the “Valiant Agreement”). The Company terminated Valiant as the general contractor for, among other allegations, breach of contract and unjust enrichment. Following the termination of Valiant, in October 2022, the Valiant Agreement was assigned and accepted (the “Assignment”) to Agxion, LLC, a wholly owned Subsidiary of the Company. The Assignment contemplates that, as a subcontractor to the Valiant Agreement, McCutchan is still bound to the subcontract agreement and will continue construction operations on the Project. The Company is pursuing Valiant in a separate litigation to collect no less than approximately \$1.4 million alleging overbilling, breach of the Valiant Agreement, and violation of Chapter 18.27 and 19.86 of the Revised Code of Washington. On March 5, 2024, McCutchan filed a complaint in the Superior Court of Washington for King County naming the Company, Valiant, and certain related parties as defendants. In the complaint, McCutchan asserts two causes of action against the Company: (1) breach of contract, (2) voidable contract, (3) interference with business or economic expectancy, (4) unjust enrichment, and (5) defamation. McCutchan’s claims are based on allegations of misrepresentations made by the Company to pay McCutchan for work completed on the Project as well as a failure to pay under the Valiant Agreement. In the alternative, McCutchan is alleging the Assignment is void and not a valid contract. McCutchan is seeking to collect no less than \$3 million against the Company and all other named defendants. This matter is subject to the Cultivation sale escrow litigation reserve agreement where the Company funded \$1.5 million in January 2025 into escrow for the benefit of settling this and other claims.

### ***Other Litigation***

On February 9, 2022, a former sales Vice President of the Company filed suit against the Company claiming he is owed back wages, commission and is entitled to equity in the Company, under theories of liability under Massachusetts labor laws including retaliation, breach of contract, breach of covenant of good faith and fair dealing, fraudulent inducement, tortious interference and unjust enrichment. The Company filed its answer to the initial complaint in January 2023. The Company believes this is a meritless claim and has responded to various discovery requests.

### ***Other Commitments and Contingencies***

The Company is potentially subject to claims related to various non-income taxes (such as sales, value-added, consumption, and similar taxes) from various tax authorities, including in jurisdictions in which the Company already collects and remits such taxes. If the relevant taxing authorities successfully pursue these claims, the Company could be subject to additional tax liabilities.

Refer to Note 9 – Debt, included elsewhere in the notes to the unaudited condensed consolidated financial statements of this Quarterly Report for details of the Company’s future minimum debt payments. Refer to Note 10 – Leases, included elsewhere in the notes to the unaudited condensed consolidated financial statements of this Quarterly Report for details of the Company’s future minimum lease payments under operating lease liabilities. Refer to Note 14 – Income Taxes, included elsewhere in the notes to the unaudited condensed consolidated financial statements of this Quarterly Report for information regarding income tax contingencies.

### Note 17 — Related Parties

Some of the current and former officers and directors of the Company are involved in other business activities and may, in the future, become involved in other business opportunities that become available.

The following table describes the net activity with entities identified as related parties to the Company:

<b>(In thousands)</b>	<b>Three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Green Thumb	\$ 1,556	\$ —

The net activity of \$1.6 million during the three months ended March 31, 2025 consists of \$1.4 million of support services performed by Green Thumb on behalf of the Company, which is comprised of \$1.0 million in salary charges and \$0.4 million in non-salary charges, and \$250 thousand interest charges, offset by \$80 thousand of equipment sales and beverage sales from the Company to Green Thumb.

The following table summarizes the net related party payable as of March 31, 2025 and December 31, 2024:

<b>(In thousands)</b>	<b>March 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
Green Thumb	\$ 12,056	\$ 10,487

The net related party payable of \$12.1 million as of March 31, 2025, consists of \$1.7 million service charge payable, \$10.0 million convertible notes payable, \$0.4 million accrued interest payable, offset by \$80 thousand receivable from equipment sales and beverage sales.

#### ***Green Thumb Convertible Note***

On November 5, 2024, the Company issued the Green Thumb Note to Investor. For further discussion on the note, refer to Note 9 of this Quarterly Report.

### Note 18 — Segment Reporting

The Company operates in one consolidated segment, which is hemp-derived THC beverages. The Company's Chief Operating Decision Maker, Benjamin Kovler, Chairman and Interim Chief Executive Officer of the Company, reviews net income (loss) of the Company when making resource allocation decisions. Such information is presented in the condensed consolidated statements of operations.

### Note 19— Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the unaudited condensed consolidated financial statements were issued and concluded that there were no subsequent events that required recognition or disclosure in the financial statements.

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

*The information contained in this Quarterly Report is intended to update the information contained in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities And Exchange Commission (the “SEC”) on March 21, 2025, as amended on March 28, 2025 (the “Form 10-K”) and presumes that readers have access to, and will have read, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other information contained in the Form 10-K. The following discussion and analysis also should be read together with our financial statements and the notes to the financial statements included elsewhere in this Quarterly Report.*

*The following discussion contains certain statements that may be deemed “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Quarterly Report, including, without limitation, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These statements are not guarantees of future performance and involve risks, uncertainties and requirements that are difficult to predict or are beyond our control. Forward-looking statements speak only as of the date of this Quarterly Report. You should not put undue reliance on any forward-looking statements. We strongly encourage investors to carefully read the risk factors described in the Form 10-K in the section entitled “Risk Factors” for a description of certain risks that could, among other things, cause actual results to differ from these forward-looking statements. We assume no responsibility to update the forward-looking statements contained in this Quarterly Report. The following should also be read in conjunction with the unaudited financial statements and notes thereto that appear elsewhere in this Quarterly Report.*

*Except as otherwise indicated herein or as the context otherwise requires, references in this Quarterly Report to “we,” “us,” “our,” “Company,” and “Agrify” refer to Agrify Corporation, a Nevada corporation and its consolidated subsidiaries.*

### Overview

Agrify is a developer of branded innovative solutions for the cannabis and hemp industries. Our Señorita brand offers consumers hemp-derived tetrahydrocannabinol (“THC”) beverages that mirror well-known cocktails like a margarita – in three flavors – classic Lime Jalapeño Margarita, Mango Margarita, and Paloma. Known for its clean, fresh taste and commitment to high-quality, natural ingredients, Señorita offers a low-sugar, low-calorie alternative to alcoholic beverages and is available at top retailers including Total Wine, ABC Fine Wine & Spirits, and Binny’s in ten U.S. states and Canada, with plans for expansion and future availability in premier on-premises destinations.

In addition to beverages, Agrify has also historically been a leading provider of innovative cultivation and extraction solutions for the cannabis industry. Prior to the extraction business disposal on March 30, 2025, our comprehensive extraction product line, which includes hydrocarbon, alcohol, solventless, post-processing, and lab equipment, empowered producers to maximize the quantity and quality of extract required for premium concentrates. Additionally, prior to its sale on December 31, 2024, our proprietary micro-environment-controlled Agrify VFUs enabled cultivators to produce high quality products for the cannabis industry (the “Cultivation Business”).

The Company was formed in the State of Nevada on June 6, 2016 as Agrinamics, Inc.. On September 16, 2019, Agrinamics amended its articles of incorporation to reflect a name change to Agrify Corporation.

#### *Reverse Stock Split*

On July 5, 2023, we effected a 1-for-20 reverse stock split of our Common Stock. On October 8, 2024, we effected a 1-for-15 reverse stock split of our Common Stock. All share and per share information has been retroactively adjusted to give effect to the reverse stock splits for all periods presented unless otherwise indicated.

### Recent Developments

On March 19, 2025, our Board of Directors appointed Brad Asher to serve as our Chief Financial Officer and our principal financial and accounting officer effective March 24, 2025. Mr. Asher serves as our Chief Financial Officer pursuant to a Shared Services Agreement with Vision Management Services, LLC, a subsidiary of Green Thumb, and he will not receive any direct compensation from us.

## **Lines of Business**

### *Hemp-Derived Beverages*

The Company acquired the Señorita brand of hemp-derived THC beverages in November 2024. Señorita was designed and formulated by world-class winemakers Charles Bieler and Joel Gott. Recognizing a growing generational demand for adult beverage alternatives, Bieler and Gott gave the classic margarita a modern twist—replacing alcohol with hemp-derived to create a delightful adult beverage alternative. Through the use of all-natural, premium ingredients like organic Mexican agave, fresh lime juice and sweet, tangy mango, Señorita quickly gained acclaim, taking home the top spot in The High Times Cannabis Cup just one year after inception. Gott and Bieler continue to collaborate on the brand with Mr. Kovler and the Agrify team.

Señorita currently offers three award-winning flavors – classic Lime Jalapeño Margarita, Paloma, and Mango Margarita. A fourth flavor, low-calorie Ranch Water, is expected to debut in 2025. Señorita’s hemp-derived beverages are currently available at top retailers including Total Wine, ABC Fine Wine & Spirits, and Binny’s in ten U.S. states and Canada. Products are also available for direct-to-consumer purchase where permissible under state law at [senoritadrinks.com](http://senoritadrinks.com).

## **Discontinued Operations**

### *Cultivation Solutions*

Prior to its sale on December 31, 2024, we sold proprietary cultivation solutions to independent licensed cultivators. The two primary products we sold were the VFUs and Agrify Insights™ software.

The proprietary VFU technology offered a modular, compartmentalized micro-climate growing system for indoor vertical farming. The VFU system was designed for craft farmers, single-state operators, and multi-state operators who were looking to consistently produce higher-quality crops at scale. The VFUs were designed to line up horizontally in rows, and could be stacked vertically up to three units tall.

The VFUs were designed to work in conjunction with the Agrify Insights™ software. Each VFU sold included a license for Agrify Insights™ and a monthly Software-as-a-Service (“SaaS”) subscription fee was charged per VFU. The VFU could not operate successfully without Agrify Insights™. Agrify Insights™ license agreements were generally for a multi-year term, with an annual auto-renewal.

### *Extraction Solutions*

Prior to its discontinuation on March 30, 2025, our extraction equipment and business solutions can be used within indoor processing facilities by fully licensed cannabis and hemp cultivators and processors or in some cases, by individual processors for individual use in compliance with applicable law. We sell our proprietary extraction solutions to independent, licensed cultivators and processing labs.

We had strategically acquired four of the top brands in the extraction space in late 2021 and early 2022 in Precision Extraction, PurePressure, Lab Society, and Cascade Sciences. These brands encompassed hydrocarbon, alcohol, and solventless extraction and distillation and post-processing solutions. Our extraction brands provided equipment and solutions for extraction, post-processing, and testing for the cannabis and hemp industries.

## **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include assumptions about the valuation and recognition of stock-based compensation expense, valuation allowance for deferred tax assets, goodwill, impairment of long-lived assets, provision for litigation, inventory reserve, fair value measurements and useful life of fixed assets and intangible assets.

## Financial Overview

### *Critical Accounting Policies and Significant Judgments and Estimates*

Our management's discussion and analysis of our financial position and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, we evaluate estimates, which include estimates related to accruals, and stock-based compensation expense. We base our estimates on historical experience and other market-specific or other relevant assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from those estimates or assumptions.

### *Warrants*

We account for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Accounting Standards Codification ("ASC") Topic 480, *Distinguishing Liabilities from Equity* ("ASC 480") and ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). Management's assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, whether they meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the our own Common Stock among other conditions for equity classification.

For issued or modified warrants that meet all of the criteria for equity classification, they are recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that are precluded from equity classification, they are recorded as a liability at their initial fair value on the date of issuance and marked-to-market each reporting period with the changes in fair value of warrant liabilities recorded in other income (expense), net in the accompanying unaudited condensed consolidated statements of operations until the warrants are exercised. The fair value of the warrant liabilities are estimated using a Black-Scholes option-pricing model.

The estimated fair value of the warrant liabilities is determined using Level 3 inputs. Inherent in a Black-Scholes option-pricing model are assumptions used in calculating the estimated fair values that represent our best estimate. The volatility rate is determined utilizing our own share price and the share price of competitors over time.

### *Revenue Recognition*

#### *Overview*

The Company generates revenue from continuing operations through the sale of hemp-derived beverages. In accordance with ASC Topic 606, Revenue Recognition ("ASC 606"), revenue is recognized through a five-step model, as outlined below:

- **Identify the customer contract:** A customer contract is identified when there is mutual approval and commitment between the Company and its customer, the rights and obligations are clear, payment terms are set, the contract has commercial substance, and collectability is probable. Written or electronic signatures on contracts and purchase orders are obtained if such orders are issued in the normal course of business by the customer.
- **Identify performance obligations that are distinct:** The Company identifies distinct performance obligations in each contract. A performance obligation is considered distinct if the customer can benefit from the good or service on its own or with readily available resources, and if it is separately identifiable from other promises in the contract. The Company's revenue-generating activities typically have a single performance obligation.

- **Determine the transaction price:** The transaction price is the amount of consideration the Company expects to receive in exchange for the sale of the product. This amount is determined excluding sales taxes collected on behalf of government agencies and net of any sales discounts, incentives, and returns.
- **Allocate the transaction price to distinct performance obligations:** The transaction price is allocated to each distinct performance obligation based on the relative SSP of the goods or services provided. If a contract involves multiple performance obligations, each is accounted for separately if distinct, and the SSP reflects the price the Company would charge if the good or service were sold separately in similar circumstances and to similar customers.
- **Recognize revenue as the performance obligations are satisfied:** Revenue is recognized when control of the product transfers to the customer, typically upon delivery or shipment, as the customer assumes the risks and rewards of ownership. Payment terms vary by customer, but the time between revenue recognition and payment due is generally not significant. For products sold under consignment arrangements, revenue is recognized only when control is transferred to the end customer. The Company does not maintain a specific reserve for returns due to the limited circumstances under which returns are permitted in customer agreements. Payments for slotting, listing fees, or other marketing or promotional activities, where legally permitted, are recorded as a reduction in revenue unless a distinct good or service is received in exchange.

## Income Taxes

We account for income taxes pursuant to the provisions of ASC Topic 740, *Income Taxes*, (“ASC 740”) which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

We follow the provisions of ASC 740-10-25-5, “Basic Recognition Threshold.” When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10-25-6, the benefit of a tax position is recognized in the unaudited condensed consolidated financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above should be reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. We believe our tax positions are all highly certain of being upheld upon examination. As such, we have not recorded a liability for unrecognized tax benefits.

We recognize the benefit of a tax position when it is effectively settled. ASC 740-10-25-10, “Basic Recognition Threshold” provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. ASC 740-10-25-10 clarifies that a tax position can be effectively settled upon the completion of an examination by a taxing authority. For tax positions considered effectively settled, we recognize the full amount of the tax benefit.

## Accounting for Stock-Based Compensation

We follow the provisions of ASC Topic 718, *Compensation — Stock Compensation*, (“ASC 718”) establishes standards surrounding the accounting for transactions in which an entity exchanges its equity instruments for goods or services. ASC Topic 718 focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions, such as options issued under our equity incentive plan.

The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model. This model incorporates certain assumptions for inputs including a risk-free market interest rate, expected dividend yield of the underlying Common Stock, expected option life, and expected volatility in the market value of the underlying Common Stock.

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because our stock options and warrants have characteristics different from those of our traded stock, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management’s opinion, the existing models do not necessarily provide a reliable single measure of the fair value of such stock options. The risk-free interest rate is based upon quoted market yields for United States Treasury debt securities with a term similar to the expected term. The expected dividend yield is based upon our history of having never issued a dividend and management’s current expectation of future action surrounding dividends. We calculate the expected volatility of the stock price based on the corresponding volatility of our peer group stock price for a period consistent with the underlying instrument’s expected term. The expected lives for such grants were based on the simplified method for employees and directors.

As permitted under ASC 718, the Company has made an accounting policy choice to account for forfeitures when they occur.

It is important that the discussion of our operating results that follows be read in conjunction with the critical accounting policies disclosed above.

## Results of Operations

### Comparison of the Three Months Ended March 31, 2025 and 2024

The following table summarizes our results of continuing operations for the three months ended March 31, 2025 and 2024:

	Three months ended March 31,	
	2025	2024
Revenue	\$ 538	\$ —
Cost of goods sold	448	—
Gross profit	90	—
Selling, general and administrative	3,791	1,552
Research and development	—	275
Change in contingent consideration	—	(2,180)
Total operating expenses	3,791	(353)
<b>Operating (loss) income from continuing operations</b>	<b>(3,701)</b>	<b>353</b>
Interest income (expense), net	1	(100)
Change in fair value of warrant liabilities	407	873
Other income, net	19	—
Total other income, net	427	773
(Loss) income from continuing operations before income taxes	(3,274)	1,126
Income tax provision	—	—
(Loss) income from continuing operations, net of income taxes	(3,274)	1,126
(Loss) income from discontinued operations	(1,918)	3,110
Gain on disposal of Extraction business	3,566	—
Income tax effect on discontinued operations	—	—
Income from discontinued operations, net of income taxes	1,648	3,110
Net (loss) income	(1,626)	4,236
Income (loss) attributable to non-controlling interest	—	—
Net (loss) income attributable to Agrify Corporation	\$ (1,626)	\$ 4,236
Net (loss) income per share attributable to Common Stockholders – basic (1)	\$ (0.83)	\$ 9.21
Net (loss) income per share attributable to Common Stockholders – diluted (1)	\$ (0.83)	\$ 3.78
Weighted average common shares outstanding - basic (1)	1,952,022	460,133
Weighted average common shares outstanding - diluted (1)	1,952,022	1,197,891

### Revenues

We generate revenue from sales of hemp-derived beverages.

Revenues, all of which related to hemp-derived beverages, increased by \$538 thousand, for the three months ended March 31, 2025, as compared to the same period in 2024. The comparative increase in revenue was primarily driven by the acquisition of Señorita in December 2024 by all revenue from the Cultivation Business and Extraction Business for the three months ended March 31, 2024 being presented as part of discontinued operations.

### ***Cost of Goods Sold***

Cost of goods sold represents costs associated with the hemp-derived beverage sales.

The following table provides a breakdown of our cost of goods sold from continuing operations for the three months ended March 31, 2025 and 2024:

<b>(In thousands)</b>	<b>Three months ended March 31,</b>		<b>Change</b>	<b>% Change</b>
	<b>2025</b>	<b>2024</b>		
Hemp-derived beverages	\$ 448	\$ —	\$ 448	N/A
Total cost of goods sold	\$ 448	\$ —	\$ 448	N/A

Cost of goods sold increased by \$448 thousand for the three months ended March 31, 2025 compared to the same period in 2024. The comparative increase in cost of goods sold is associated with acquisition of Señorita in December 2024, which aligns with the increase in revenue.

### ***Gross Profit***

<b>(In thousands)</b>	<b>Three months ended March 31,</b>		<b>Change</b>	<b>% Change</b>
	<b>2025</b>	<b>2024</b>		
Gross profit	\$ 90	\$ —	\$ 90	N/A

Gross profit totaled \$90 thousand, or 16.7% of total revenue during the three months ended March 31, 2025.

### ***Selling, General and Administrative***

<b>(In thousands)</b>	<b>Three months ended March 31,</b>		<b>Change</b>	<b>% Change</b>
	<b>2025</b>	<b>2024</b>		
Selling, general and administrative	\$ 3,791	\$ 1,552	\$ 2,239	144%

Selling, general and administrative (“SG&A”) expenses consist principally of salaries and related costs for personnel, including stock-based compensation and travel expenses, associated with executive and other administrative functions. Other SG&A expenses include, but are not limited to, professional fees for legal, consulting, depreciation and amortization and accounting services, as well as facility-related costs.

SG&A expense increased by \$2.2 million, or 144%, for the three months ended March 31, 2025, compared to the same period in 2024. The comparative change is primarily attributable to the acquisition of Señorita in December 2024 driving an increase in consulting and outsourced services of \$0.9 million, \$0.3 million increase of intangible asset amortization expense and \$0.3 million increase in marketing expense.

### ***Research and Development***

<b>(In thousands)</b>	<b>Three months ended March 31,</b>		<b>Change</b>	<b>% Change</b>
	<b>2025</b>	<b>2024</b>		
Research and development	\$ —	\$ 275	\$ (275)	(100)%

Research and development expense decreased by \$275 thousand, or 100% for the three months ended March 31, 2025, compared to the same period in 2024. The decrease is attributable to the reduction in personnel resulting from the discontinuation of Extraction Business.

## Other Income, Net

(In thousands)	Three months ended March 31,		Change	% Change
	2025	2024		
Interest income (expense), net	\$ 1	\$ (100)	\$ 101	(101)%
Change in fair value of warrant liabilities	407	873	(466)	(53)%
Other income, net	19	—	19	N/A
Total other income, net	\$ 427	\$ 773	\$ (346)	(45)%

Interest income, net was \$1 thousand for the three months ended March 31, 2025, compared to interest expense, net of \$100 thousand for the three months ended March 31, 2024. The change is attributable mainly to the decrease in principal balance on outstanding loans as well as the increase in interest income from higher cash on hand.

The change in fair value of warrant liabilities decreased by \$466 thousand, or 53% during the three months ended March 31, 2025, compared to the same period in 2024. The decrease is primarily related to the fair value remeasurement of warrants.

Other income, net was \$19 thousand for the three months ended March 31, 2025, compared to none for the same period in 2024.

## Income Tax (Expense) Benefit

There was no income tax expense or benefit for the three months ended March 31, 2025 and March 31, 2024.

## Liquidity and Capital Resources

As of March 31, 2025, our principal sources of liquidity were cash and cash equivalents and marketable securities totaling \$24.4 million. Our current working capital needs are to support revenue growth and manage inventory to meet demand forecasts and support operational growth. Our long-term financial needs primarily include working capital requirements. There are many factors that may negatively impact our available sources of funds in the future, including the ability to generate cash from operations, raise debt capital and raise cash from the issuance of our securities. The amount of cash generated from operations is dependent upon factors such as the successful execution of our business strategy and general economic conditions.

As part of our growth strategies, we may opportunistically raise debt capital and raise cash from the issuance of our securities, subject to market and other conditions. If additional financing is required from outside sources, we may not be able to raise such capital on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition may be adversely affected.

## Indebtedness

### Green Thumb Convertible Note

On November 5, 2024, we issued the Secured Convertible Note (“Green Thumb Note”) to the RSLGH, LLC, a subsidiary of Green Thumb. The Green Thumb Note is a secured obligation and ranks senior to all of our indebtedness. The Green Thumb Note will mature on November 5, 2025 and has a 10.0% annualized interest rate. The principal amount of the Green Thumb Note will be payable on its maturity date. The Green Thumb Note provides for advances of up to \$20.0 million in the aggregate, of which \$10.0 million was advanced upon issuance. If the Investor elects to convert the Green Thumb Note, the conversion price per share will be \$3.158, subject to customary adjustments for certain corporate events. The conversion of the Green Thumb Note will be subject to certain customary conditions and the receipt of stockholder approval to the extent necessary under Nasdaq listing rules. The Green Thumb Note was amended on May 8, 2025 to issue pre-funded warrants in lieu of cash interest with 18,614 pre-funded warrants issued on May 8, 2025 and an additional 11,373 pre-funded warrants to be issued on September 1, 2025, replacing the previously defined cash interest payment dates. The number of pre-funded warrants is equal to the cash interest amount otherwise payable on The Green Thumb Note divided by the closing share price on May 8, 2025, which is the effective date of the amendment. No changes were made to the conversion price of the principal amount of the Green Thumb Note.

## Cash Flows

The following table presents the major components of net cash flows from and used in operating, investing, and financing activities for the three months ended March 31, 2025 and 2024:

(In thousands)	Three months ended March 31,	
	2025	2024
<b>Net cash (used in) provided by:</b>		
Operating activities	\$ (6,720)	\$ (2,987)
Investing activities	—	328
Financing activities	(1)	2,324
Net decrease in cash and cash equivalents	<u>\$ (6,721)</u>	<u>\$ (335)</u>

### *Cash Flow from Operating Activities*

For the three months ended March 31, 2025, our operating cash flows included a net loss of \$1.6 million, which included \$336 thousand related to depreciation and amortization, \$589 thousand of stock-based compensation expense, \$407 thousand gain related to the change in fair value of warrant liabilities, and \$3.6 million gain on disposal of Extraction business. Net cash was decreased by changes in operating assets and liabilities of \$2.3 million.

For the three months ended March 31, 2024, we incurred net income of \$4.2 million, which included \$406 thousand related to depreciation and amortization, \$490 thousand of stock-based compensation expense, and \$873 thousand gain related to the change in fair value of warrant liabilities. Net cash was reduced by changes in operating assets and liabilities of \$970 thousand.

### *Cash Flow from Investing Activities*

For the three months ended March 31, 2025, there were no cash flows from investing activities.

For the three months ended March 31, 2024, net cash provided in investing activities was \$328 thousand, which primarily resulted from \$330 thousand in proceeds from the repayment of a loan receivable.

### *Cash Flow from Financing Activities*

For the three months ended March 31, 2025, net cash provided by financing activities was immaterial \$1 thousand in repayments of notes payable.

For the three months ended March 31, 2024, net cash provided by financing activities was \$2.3 million, primarily driven by proceeds from the issuance of common stock and warrants of \$2.1 million.

## Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We are therefore not exposed to the financing, liquidity, market, or credit risk that could arise if we had engaged in those types of relationships.

## Critical Accounting Policies and Estimates

Part I, Item, 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” discusses our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions or conditions.

These estimates are based on our knowledge and understanding of current conditions and actions that we may take in the future. Changes in these estimates will occur as a result of the passage of time and the occurrence of future events. Subsequent changes in these estimates may have a significant impact on our financial condition and results of operations and are recorded in the period in which they become known. We have identified the following estimates that, in our opinion, are subjective in nature, require the exercise of judgment and involve complex analysis: the fair value of derivative assets and liabilities, goodwill impairment assessment, revenue recognition and cost of goods sold.

The significant accounting policies and estimates that have been adopted and followed in the preparation of our condensed consolidated financial statements are detailed in Note 1 - Overview, Basis of Presentation and Significant Accounting Policies included in the Form 10-K and Note 1 - Overview, Basis of Presentation and Significant Accounting Policies to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report. There have been no changes in these policies and estimates that had a significant impact on the financial condition and results of operations for the periods covered in this Quarterly Report.

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

For more information on recently issued accounting pronouncements are included within Note 1 - Overview, Basis of Presentation and Significant Accounting Policies, included elsewhere in the notes to unaudited condensed consolidated financial statements covered under Part I, Item 1 of this Quarterly Report.

#### **New Accounting Pronouncements Not Yet Adopted**

For more information on new accounting pronouncements not yet adopted are included within Note 1 - Overview, Basis of Presentation and Significant Accounting Policies, included elsewhere in the notes to unaudited condensed consolidated financial statements covered under Part I, Item 1 in this Quarterly Report.

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

As a “smaller reporting company” as defined by 17 C.F.R. § 229.10, the Company is not required to provide information required by this Item.

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

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Interim Chief Executive Officer, to allow timely decisions regarding required disclosure.

#### ***Evaluation of Disclosure Controls and Procedures***

As required by paragraph (b) of Rules 13a-15 and 15d-15 under the Exchange Act, our Interim Chief Executive Officer and our Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2025. Based on this evaluation, our Interim Chief Executive Officer and our Chief Financial Officer concluded that, due to the material weaknesses in our internal control over financial reporting previously identified in Item 9A, “Controls and Procedures” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and filed with the SEC on March 21, 2025, as amended on March 28, 2025, our disclosure controls and procedures were not effective at the reasonable assurance level as of March 31, 2025.

Management, with the oversight of the Audit Committee of our Board of Directors, continue to focus on remediating the material weaknesses identified in the design and operation of our internal control over financial reporting, including adding additional qualified personnel, further documentation and implementation of control procedures and the implementation of control monitoring. While we have begun the process of implementing measures which we believe will remediate the underlying cause of these material weaknesses, there can be no assurance as to when the remediation plan will be fully developed and implemented and whether such measures will be effective. Until our remediation plan is fully implemented and effective, we will continue to devote time, attention and financial resources to this effort.

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

Other than those measures intended to remediate the material weaknesses noted above, there have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, we are a party to various legal proceedings or claims arising in the ordinary course of business. For information related to legal proceedings, see the discussion under the caption Legal Proceedings in Note 16 - Commitments and Contingencies to our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report, which information is incorporated by reference into this Part II, Item 1.

### Item 1A. Risk Factors

As of the date of this Quarterly Report, there are no material changes to our risk factors as previously disclosed in Part I, Item 1A of the Form 10-K.

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

None.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

The Green Thumb Note was amended on May 8, 2025 to issue pre-funded warrants in lieu of cash interest with 18,614 pre-funded warrants issued on May 8, 2025 and an additional 11,373 pre-funded warrants to be issued on September 1, 2025, replacing the previously defined cash interest payment dates. The number of pre-funded warrants is equal to the cash interest amount otherwise payable on the Green Thumb Note divided by the closing share price on May 8, 2025, which is the effective date of the amendment. No changes were made to the conversion price of the principal amount of the Green Thumb Note. The pre-funded warrants have an exercise price of \$0.001 per share, will be exercisable upon issuance, will expire when the applicable warrant is exercised in full, and are exercisable on a cash basis or, if there is no effective registration statement registering the resale of the underlying shares of common stock, on a cashless exercise basis at the holder's discretion. The pre-funded warrants and the shares of common stock underlying the pre-funded warrants (collectively, the "Securities") were, and will be, offered and sold in transactions exempt from registration under the Securities Act in reliance on Section 4(a)(2) thereof and Rule 506(b) of Regulation D thereunder. The holder of the pre-funded warrants is an "accredited investor," as defined in Regulation D, and is acquiring the Securities for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof. Accordingly, the Securities will not be registered under the Securities Act and the Securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act and any applicable state securities laws.

## Item 6. Exhibits

<b>Exhibit No.</b>	<b>Description</b>
2.1†#	<a href="#">Asset Purchase Agreement, dated as of December 31, 2024, among the registrant and CP Acquisitions, LLC. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 6, 2025).</a>
4.1*	<a href="#">Amendment and Waiver to Secured Convertible Note, dated as of May 8, 2025</a>
4.2*	<a href="#">Pre-Funded Common Stock Purchase Warrant, dated as of May 8, 2025</a>
10.1	<a href="#">Shared Services Agreement, dated March 21, 2025 with Vision Management Services, LLC for Chief Financial Officer Services (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 21, 2025).</a>
31.1*	<a href="#">Rule 13(a)-14(a)/15(d)-14(a) Certification of principal executive officer</a>
31.2*	<a href="#">Rule 13(a)-14(a)/15(d)-14(a) Certification of principal financial and accounting officer</a>
32.1*	<a href="#">Section 1350 Certification of principal executive officer</a>
32.2*	<a href="#">Section 1350 Certification of principal financial and accounting officer</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith.

\*\* Furnished herewith in accordance with Item 601 (b)(32) of Regulation S-K.

# Certain confidential portions of this exhibit were omitted pursuant to Item 601(b)(2)(ii) of Regulation S-K because the identified confidential portions (i) are not material and (ii) are customarily and actually treated as private or confidential by the Company.

† Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish copies of any of the omitted schedules and exhibits upon request by the U.S. Securities and Exchange Commission.

**SIGNATURES**

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

**AGRIFY CORPORATION**

Date: May 9, 2025

By: /s/ Benjamin Kovler  
Benjamin Kovler  
Chairman and Interim Chief Executive Officer  
(Principal Executive Officer)

Date: May 9, 2025

By: /s/ Brad Asher  
Brad Asher  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**AMENDMENT AND WAIVER TO  
SECURED CONVERTIBLE NOTE**

This AMENDMENT AND WAIVER TO SECURED CONVERTIBLE NOTE (this "Amendment") is made as of May 8, 2025 (the "Amendment Effective Date"), by and between Agrify Corporation, a Nevada corporation (the "Company") and RSLGH, LLC, a Delaware limited liability company (the "Holder"), with reference to the following facts:

**RECITALS**

A. The Company issued to Holder that certain Secured Convertible Note, dated November 5, 2024, issued as Certificate No. D-1 (the "Note", capitalized terms used but not defined herein shall have the meanings set forth in the Note).

B. Pursuant to the terms of the Note, the Company is to pay to Holder accrued Stated Interest at each Interest Payment Date.

C. The Company and Holder previously agreed in principal that the Company would withhold payment to Holder of the accrued Stated Interest on March 3, 2025, being the first Stated Interest Date (the "Withheld Payment").

D. The Holder desires to waive any perceived noncompliance under the Note for failure to pay the Withheld Payment on the Interest Payment Date and the Holder and the Company desire to amend the Note as set forth in this Amendment

NOW, THEREFORE, in consideration of the execution and delivery of the Holder and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby further agree as follows:

**AGREEMENT**

1. Recitals. The foregoing recitals are true and correct and are incorporated herein in their entirety.

2. Waiver. Holder hereby acknowledges the Withheld Payment and waives any Default or Event of Default that would otherwise be caused by the Withheld Payment, effective as of the date the Withheld Payment was originally due to Holder. For purposes of clarification, no Default Interest shall accrue with respect to the Withheld Payment. The Withheld Payment waiver under this Section 2 is limited as specifically written herein and shall be solely a waiver of the above described Withheld Payment and it shall not constitute a waiver of any other terms or conditions of the Note.

3. Issuance of Warrant. In full satisfaction of the payment of the Withheld Payment and any Stated Interest accrued and outstanding as of the Amendment Effective Date, the Company shall, on the date hereof, issue to the Holder a Pre-Funded Warrant, substantially in the form set forth on Exhibit A hereto, dated as of the date hereof. The number of warrant shares for such Pre-Funded Warrant shall be 18,614.

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4. Amendments to the Note. As of the Amendment Effective Date, the Note is hereby amended or modified as follows:

a. The following shall be added as definitions:

“**Pre-Funded Warrant**” shall mean a warrant for the purchase of Common Stock, substantially in the form set forth on **Exhibit B**.

b. Section 5(A) of the Note shall be amended by adding the following sentence to the end of such Section:

“Payments of Stated Interest at each Interest Payment Date (which, for the avoidance of doubt, for the purposes of this sentence shall not include the Maturity Date) shall be made in the form of Pre-Funded Warrants, pursuant to the terms set forth in Section 5(C).”

c. The Note is hereby amended by adding the following as new Section 5(C):

“*5(C) Payments of Stated Interest.* Payments of Stated Interest at each Interest Payment Date that is not the Maturity Date shall be made in the form of a Pre-Funded Warrant. The number of warrant shares for each such Pre-Funded Warrant shall be equal to (i) the amount of Stated Interest accrued and outstanding as of such Interest Payment Date *divided by* (ii) \$27.42. Following an Interest Payment Date, Holder shall notify the Company, with sufficient detail, the Stated Interest accrued and outstanding as of such Interest Payment Date and the resulting number of warrant shares for such Pre-Funded Warrant. No later than ten Business Days following receipt of such notification, the Company shall issue to the Holder the applicable Pre-Funded Warrant, dated as of the applicable Interest Payment Date.

d. The Note is hereby amended by attaching Exhibit A hereto as Exhibit B to the Note.

e. The Note is hereby amended by replacing all references to the year “2026” with the year “2025”, which amendment corrects a scrivener’s error.

5. Limited Effect. The Note is not amended or waived in any other respect. All other terms and provisions of the Note not herein specifically modified and amended shall remain in full force and effect as originally set forth therein, and the Company hereby ratifies and confirms all such terms and provisions as if such terms and provisions were restated herein in their entirety. All references in the Note, the Security Agreement or any related document or agreement (collectively, the Loan Documents”) shall be deemed a reference to the Note as modified and amended herein. The Company agrees that its obligations under the Note and each other Loan Document are its valid and binding obligations, enforceable in accordance with their terms, subject to no defense, counterclaim, or objection. This Amendment amends the Note, and is intended to be a continuation of the obligations set forth therein and in each other Loan Document. Nothing in this Amendment is intended, nor shall be construed, to constitute a novation or an accord or satisfaction of the Note or any other Loan Document.

6. Reaffirmation.

a. The Company hereby reaffirms and restates as of the date hereof each and every representation and warranty made by the Company in the Loan Documents except for representations or warranties that expressly relate to an earlier date. The representations and warranties made by the Company in the Loan Documents were true and correct in all material respects when made and are true and correct in all material respects as of the hereof, except to the extent of changes in the facts and circumstances after the date such representation and warranty was made that resulted from actions or inactions expressly contemplated by a Loan Document (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct only as of such specified date).

- b. The Company hereby (a) ratifies and confirms all of the liens, conveyances and grants contained in and created by the Security Agreement or any other Loan Document and/or otherwise securing any of the Secured Obligations (as defined in the Security Agreement); (b) covenants and agrees that nothing contained in this Amendment is intended to or shall impair the liens, conveyances or grants contained in and created by the Loan Documents or otherwise, (c) ratifies and confirms all of the terms and conditions of, and all obligations owing under the Loan Documents, the Loan Documents as modified hereby, and this Amendment, and the indebtedness owing to the Holder under the foregoing, and all other obligations, and (d) covenants and agrees that as of the date this Amendment is executed, there are no off-sets or defenses to, or claims or counterclaims or rights of recoupment of any kind or nature whatsoever in respect of, the Loan Documents, the Loan Documents as modified hereby, this Amendment, or the obligations arising under any Loan Document.

7. Miscellaneous. This Amendment shall be governed by and construed under the laws of the State of Delaware, without giving effect to conflicts of laws principles. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Company and Holder have executed this Amendment as of the Amendment Effective Date set forth above.

**COMPANY**

AGRIFY CORPORATION

By: /s/ Benjamin Kovler

Name: Benjamin Kovler

Title: Chairman and  
Interim Chief Executive Officer

**HOLDER**

RSLGH, LLC

By: /s/ Anthony Georgiadis

Name: Anthony Georgiadis

Title: Authorized Signatory

**SIGNATURE PAGE TO AMENDMENT TO SENIOR SECURED CONVERTIBLE NOTE**

EXHIBIT A

EXHIBIT B  
FORM OF PRE-FUNDED WARRANT

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NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

## PRE-FUNDED COMMON STOCK PURCHASE WARRANT

### AGRIFY CORPORATION

Warrant Shares: 18,614

Issue Date: May 8, 2025

THIS PRE-FUNDED COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, RSLGH, LLC, a Delaware limited liability company, or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the Issue Date set forth above (the "Initial Exercise Date") and until this Warrant is exercised in full (the "Termination Date") but not thereafter, to subscribe for and purchase from Agrify Corporation, a Nevada corporation (the "Company"), up to 18,614 shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. In addition to the terms defined elsewhere in this Warrant, the following terms have the meanings indicated in this Section 1:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on the Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“Board of Directors” means the board of directors of the Company.

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to “stay at home”, “shelter-in-place”, “non-essential employee” or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

“Common Stock” means the common stock of the Company, par value \$0.001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Commission” means the United States Securities and Exchange Commission.

“Common Stock Equivalents” means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Subsidiary” means any subsidiary of the Company and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

“Trading Day” means a day on which the Common Stock is traded on a Trading Market.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

“Transfer Agent” means Broadridge Corporate Issuer Solutions, Inc., the current transfer agent of the Company, with a mailing address of 51 Mercedes Way, Edgewood, New York 11717, and any successor transfer agent of the Company.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on the Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the holder of the Warrant and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

## Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the “Notice of Exercise”). Within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i) herein) following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier’s check drawn on a United States bank (unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise). No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Business Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The aggregate exercise price of this Warrant, except for a nominal exercise price of \$0.001 per Warrant Share, was pre-funded to the Company on or prior to the Initial Exercise Date and, consequently, no additional consideration (other than the nominal exercise price of \$0.001 per Warrant Share) shall be required to be paid by the Holder to any Person to effect any exercise of this Warrant. The Holder shall not be entitled to the return or refund of all, or any portion, of such pre-paid aggregate exercise price under any circumstance or for any reason whatsoever, including in the event this Warrant shall not have been exercised prior to the Termination Date. The remaining unpaid exercise price per share of Common Stock under this Warrant shall be \$0.001, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If at the time of exercise hereof there is no effective registration statement registering, or the prospectus contained therein is not available for the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or (z) the Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. as of the time of the Holder's execution of the applicable Notice of Exercise if such Notice of Exercise is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day) pursuant to Section 2(a) hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) hereof after the close of "regular trading hours" on such Trading Day;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the characteristics of the Warrants being exercised, and the holding period of the Warrant Shares being issued may be tacked onto the holder period of this Warrant. The Company agrees not to take any position contrary to this Section 2(c). In the case of a dispute as to the determination of the number of Warrant Shares to be issued pursuant to the cashless exercise, or the arithmetic calculation of the Warrant Shares to be issued thereunder, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 5(e).

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144 under the Securities Act ("Rule 144") (assuming cashless exercise of the Warrants), and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earliest of (i) two (2) Trading Days after the delivery to the Company of the Notice of Exercise, (ii) one (1) Trading Day after delivery of the aggregate Exercise Price to the Company and (iii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

v. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that, in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vi. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations.

i. Beneficial Ownership Limitation. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 49.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 49.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61<sup>st</sup> day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged, subject to the limitation on fractional shares in Section 2(d)(iv). Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) other than a dividend or other distribution of the type described in Section 3(a) above (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company (and all of its Subsidiaries, taken as a whole), directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of more than 50% of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 3(d) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein. For the avoidance of doubt, except as expressly set forth in this Warrant, in no event does this agreement result in the Company having an obligation to issue cash or other assets to the Holder.

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of its assets, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by email to the Holder at its last email address as it shall appear upon the Warrant Register of the Company, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the “Warrant Register”), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Warrants under the Securities Act.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3. Without limiting any rights of a Holder to receive Warrant Shares on a “cashless exercise” pursuant to Section 2(c), in no event shall the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except as otherwise waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Warrant (whether brought against a party hereto or their respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the Court of Chancery in the State of Delaware. Each party hereby irrevocably submits to the exclusive jurisdiction of the Court of Chancery of the State of Delaware for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to enforce any provisions of this Warrant, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for their reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Exercise, shall be in writing and delivered personally, by e-mail, or sent by a nationally recognized overnight courier service, addressed to the Company, at 2220 Hicks Road, Suite 210, Rolling Meadows, Illinois 60008, Attention: Chief Executive Officer, email address: ben.kovler@agrify.com, or such other email address or address as the Company may specify for such purposes by notice to the Holders. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by e-mail, or sent by a nationally recognized overnight courier service addressed to each Holder at the e-mail address or address of such Holder appearing on the books of the Company. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via e-mail at the e-mail address set forth in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the time of transmission, if such notice or communication is delivered via e-mail at the e-mail address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company, on the one hand, and the Holder or the beneficial owner of this Warrant, on the other hand.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

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*(Signature Page Follows)*

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

**AGRIFY CORPORATION**

By: /s/ Benjamin Kovler

Name: Benjamin Kovler

Title: President and Interim Chief Executive Officer

NOTICE OF EXERCISE

TO: AGRIFY CORPORATION

(1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

- in lawful money of the United States; or
- if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_

[SIGNATURE OF HOLDER]

Name of Investing Entity: \_\_\_\_\_

*Signature of Authorized Signatory of Investing Entity:* \_\_\_\_\_

Name of Authorized Signatory: \_\_\_\_\_

Title of Authorized Signatory: \_\_\_\_\_

Date: \_\_\_\_\_

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**ASSIGNMENT FORM**

*(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)*

FOR VALUE RECEIVED, pre-funded warrants to purchase [ ] ( ) shares of common stock under the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: \_\_\_\_\_  
(Please Print)

Address: \_\_\_\_\_  
\_\_\_\_\_  
(Please Print)

Contact: \_\_\_\_\_

Email Address: \_\_\_\_\_

Dated: \_\_\_\_\_

Holder's Name: \_\_\_\_\_

Holder's Signature: By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Holder's Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

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

I, Benjamin Kovler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2025 of Agrify Corporation.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2025

*/s/ Benjamin Kovler*

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Benjamin Kovler  
Chairman and Interim Chief Executive Officer  
(Principal Executive Officer)

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

I, Brad Asher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2025 of Agrify Corporation.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2025

*/s/ Brad Asher*

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Brad Asher  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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

In connection with the Quarterly Report of Agrify Corporation (the “Company”) on Form 10-Q, for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Benjamin Kovler, Chairman and Interim Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

May 9, 2025

*/s/ Benjamin Kovler*

\_\_\_\_\_  
Benjamin Kovler  
Chairman and Interim Chief Executive Officer  
(Principal Executive Officer)

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

In connection with the Quarterly Report of Agrify Corporation (the "Company") on Form 10-Q, for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brad Asher, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

May 9, 2025

*/s/ Brad Asher*

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Brad Asher  
Chief Financial Officer  
(Principal Financial and Accounting Officer)