

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

FORM 10-Q

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

For the quarterly period ended June 30, 2025

or

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

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

Commission File Number: 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 August 4, 2025, the registrant had 2,002,568 shares of Common Stock, \$0.001 par value per share outstanding.

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 40,956	\$ 31,170
Accounts receivable, net	1,572	30
Inventory, net	2,209	500
Prepaid expenses and other current assets	1,589	398
Current assets associated with discontinued operations	46	2,596
Total current assets	<u>46,372</u>	<u>34,694</u>
Goodwill	9,713	9,713
Intangible assets	13,292	8,900
Non-current assets associated with discontinued operations	97	715
Total assets	<u>\$ 69,474</u>	<u>\$ 54,022</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,651	\$ 825
Accrued expenses and other current liabilities	3,029	4,090
Long-term debt, current	621	522
Related party debt, current	10,000	10,000
Current liabilities associated with discontinued operations	2,243	9,242
Total current liabilities	<u>17,544</u>	<u>24,679</u>
Warrant liabilities	704	996
Related party debt, net of current	27,000	—
Long-term debt, net of current	3,000	1
Other non-current liabilities	263	—
Non-current liabilities associated with discontinued operations	—	257
Total liabilities	<u>48,511</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; 2,002,568 and 1,952,032 shares issued and outstanding at June 30, 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	337,490	335,400
Accumulated deficit	(316,529)	(307,543)
Total stockholders' equity attributable to Agrify Corporation	<u>20,963</u>	<u>27,859</u>
Non-controlling interests	—	230
Total stockholders' equity	<u>20,963</u>	<u>28,089</u>
Total liabilities and stockholders' equity	<u>\$ 69,474</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		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Revenue	\$ 2,042	\$ —	\$ 2,580	\$ —
Cost of goods sold	1,360	—	1,808	—
Gross profit	682	—	772	—
Selling, general and administrative	7,480	677	11,271	2,229
Research and development	—	185	—	460
Change in contingent consideration	—	—	—	(2,180)
Loss on disposal of property and equipment	—	(9)	—	(9)
Total operating expenses	7,480	853	11,271	500
<b>Operating loss from continuing operations</b>	(6,798)	(853)	(10,499)	(500)
Interest expense, net	(291)	(28)	(290)	(128)
Change in fair value of warrant liabilities	(115)	(1,277)	292	(404)
Other (expense) income, net	(1)	—	18	—
Total other (expense) income, net	(407)	(1,305)	20	(532)
Loss from continuing operations before income taxes	(7,205)	(2,158)	(10,479)	(1,032)
Income tax provision	—	—	—	—
Loss from continuing operations, net of income taxes	(7,205)	(2,158)	(10,479)	(1,032)
(Loss) income from discontinued operations	(123)	(814)	(2,041)	2,296
(Loss) gain on disposal of Extraction business	(32)	—	3,534	—
Income tax effect on discontinued operations	—	—	—	—
(Loss) income from discontinued operations, net of income taxes	(155)	(814)	1,493	2,296
Net (loss) income	(7,360)	(2,972)	(8,986)	1,264
Income (loss) attributable to non-controlling interest	—	—	—	—
Net (loss) income attributable to Agrify Corporation	\$ (7,360)	\$ (2,972)	\$ (8,986)	\$ 1,264
Net (loss) income per share:				
Basic (loss) income per share				
Continuing operations	\$ (3.66)	\$ (2.29)	\$ (5.35)	\$ (1.47)
Discontinued operations	(0.08)	(0.87)	0.76	3.27
Net (loss) income per share attributable to Common Stockholders – basic <sup>(1)</sup>	\$ (3.74)	\$ (3.16)	\$ (4.59)	\$ 1.80
Diluted (loss) income per share				
Continuing operations	\$ (3.66)	\$ (2.29)	\$ (5.35)	\$ (0.30)
Discontinued operations	(0.08)	(0.87)	0.76	1.35
Net (loss) income per share attributable to Common Stockholders – diluted <sup>(1)</sup>	\$ (3.74)	\$ (3.16)	\$ (4.59)	\$ 1.05
Weighted average common shares outstanding - basic <sup>(1)</sup>	1,965,425	940,953	1,958,724	701,563
Weighted average common shares outstanding - diluted <sup>(1)</sup>	1,965,425	940,953	1,958,724	1,696,069

(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)

	Common Stock		Additional Paid-In- Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit) attributable to Agrify	Non- Controlling Interests	Total Stockholders' Equity (Deficit)
	Shares	Amount					
<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>
Stock-based compensation	—	—	81	—	81	—	81
Exercise of pre-funded warrants issued through public offering	63,579	—	1	—	1	—	1
Excess of related party debt and pre-funded warrants	—	—	10,044	—	10,044	—	10,044
Issuance of equity classified prefunded warrants	—	—	6,791	—	6,791	—	6,791
Issuance of vested RSUs, net of shares held back to offset tax	41	—	—	—	—	—	—
Net loss	—	—	—	(2,972)	(2,972)	—	(2,972)
<b>Balance at June 30, 2024</b>	<b>948,666</b>	<b>\$ 1</b>	<b>\$ 272,796</b>	<b>\$ (264,533)</b>	<b>\$ 8,264</b>	<b>\$ 230</b>	<b>\$ 8,494</b>

  

	Common Stock		Additional Paid-In- Capital	Accumulated Deficit	Total Stockholders' Equity attributable to Agrify	Non- Controlling Interests	Total Stockholders' Equity
	Shares	Amount					
<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>
Stock-based compensation	—	—	515	—	515	—	515
Issuance of vested RSUs, net of shares held back to offset tax	50,554	—	—	—	—	—	—
Issuance of pre-funded warrants in lieu of cash interest payments on related party debt	—	—	510	—	510	—	510
Accrued pre-funded warrants in lieu of cash interest	—	—	476	—	476	—	476
Net loss	—	—	—	(7,360)	(7,360)	—	(7,360)
<b>Balance at June 30, 2025</b>	<b>2,002,568</b>	<b>\$ 2</b>	<b>\$ 337,490</b>	<b>\$ (316,529)</b>	<b>\$ 20,963</b>	<b>\$ —</b>	<b>\$ 20,963</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 six months ended June 30,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Net (loss) income	\$ (8,986)	\$ 1,264
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	735	782
Non-cash interest expense	164	—
Lease expense	85	290
Impairment of right-of-use assets	24	—
Stock-based compensation expense	1,104	571
Change in fair value of warrant liabilities	(292)	404
Change in provision for credit losses, net	52	346
Change in inventory reserves	—	(1,092)
Loss on inventory write-down	112	—
Gain on disposal of property and equipment	(2)	(9)
Gain on early termination of lease	—	(39)
Change in contingent consideration	—	(2,180)
Gain on settlement of contingent liability	—	(5,935)
Gain on disposal of Extraction business	(3,534)	—
Changes in operating assets and liabilities:		
Accounts receivable	(812)	201
Inventory	(610)	1,759
Prepaid expenses and other current assets	(903)	2,686
Other non-current assets	—	44
Accounts payable	(324)	(2,792)
Accrued expenses and other current liabilities	(943)	(669)
Operating lease liabilities	(104)	(275)
Contract liabilities	(1,167)	(172)
Other liabilities	263	—
<b>Net cash and cash equivalents used in operating activities</b>	<b>(15,138)</b>	<b>(4,816)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	—	(4)
Related party acquisition of MC Brands	(5,075)	—
Proceeds from disposal of property and equipment	—	10
Proceeds from repayment of loan receivable	—	330
<b>Net cash and cash equivalents (used in) provided by investing activities</b>	<b>(5,075)</b>	<b>336</b>
<b>Cash flows from financing activities:</b>		
Proceeds from related party notes	27,000	—
Proceeds from notes payable	3,000	—
Proceeds from issuance of Common Stock through an S-1 and prefunded warrants offering	—	2,123
Proceeds from exercise of S-1 Prefunded Warrants	—	4
Proceeds from issuance of related party notes	—	2,294
Repayments of notes payable	(1)	—
Payments on other financing loans	—	(1)
Payments on insurance financing loans	—	(317)
<b>Net cash and cash equivalents provided by financing activities continuing operations</b>	<b>29,999</b>	<b>4,103</b>
Net increase (decrease) in cash and cash equivalents	9,786	(377)
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>\$ 40,956</b>	<b>\$ 53</b>
<b>Supplemental disclosures</b>		
Cash paid for interest	518	95
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Conversion of related party debt interest into pre-funded warrants	\$ 510	\$ —
Accrued pre-funded warrants in lieu of cash interest	\$ 476	\$ —
Reclassification of accounts payable and accrued interests to notes payable	\$ 99	\$ —
Cashless exercise of liability classified warrants	\$ —	\$ 3
Financing of prepaid insurance	\$ —	\$ 17
Accrued interest consolidated into related party debt	\$ —	\$ 364
Deemed contribution from troubled debt restructuring with related party	\$ —	\$ 676
Transfer of loans receivable from noncurrent to current	\$ —	\$ 1,295
Conversion of convertible notes into equity	\$ —	\$ 1,731

Consolidation of related party debt principal	\$	—	\$	3,799
Fair value of warrants in connection with reclassification and issuance	\$	—	\$	6,791
Conversion of related party debt to equity	\$	—	\$	10,044

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 portfolio of consumer-packaged goods brands includes Señorita brand which offers consumers hemp-derived tetrahydrocannabinol (“THC”) beverages that mirror well-known cocktails like a margarita – in four flavors – classic Lime Jalapeño Margarita, Mango Margarita, Paloma and Ranch Water. 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 eleven U.S. states and Canada, with plans for expansion and future availability in premier on-premises destinations. Other hemp-derived products including RYTHM beverages and *incredibles* and Beboe edible products are primarily sold online and through direct-to-retail partnerships

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, the Company’s 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 eleven wholly-owned consolidated subsidiaries, which are collectively referred to as the “Subsidiaries” and seven out of eleven subsidiaries are related to discontinued operations.

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™ 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 June 30, 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. For further discussion on the discontinued operations, refer to Note 6 included elsewhere in the notes to the unaudited condensed consolidated financial statements.

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 June 30, 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 June 30, 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 included elsewhere in the notes to the unaudited condensed consolidated financial statements.

On May 20, 2025, the Company entered into a purchase agreement with VCP IP Holdings, LLC (“VCP”), an indirectly wholly-owned subsidiary of Green Thumb Industries Inc. (“Green Thumb”), a related party, pursuant to which the Company acquired all of the equity interests in MC Brands LLC and its wholly-owned subsidiary Core Growth LLC (together referred to as “MC Brands”). The assets of MC Brands consist primarily of intellectual property rights to the *incredibles* brand. The aggregate consideration exchanged for the equity interest was cash consideration of \$5.1 million. In connection with the purchase of MC Brands, the Company also licensed the right to use the RYTHM and Beboe brands from Green Thumb for hemp-derived THC beverages and similar products.

### **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-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 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, specifically related to discontinued operations.

## **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 and six months ended June 30, 2025 and 2024, and as of June 30, 2025 and December 31, 2024, as applicable. For further discussion, refer to Note 6 included elsewhere in the notes to the unaudited condensed consolidated financial statements.

## **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 June 30, 2025, the Company had one related party customer and one third-party customer that accounted for 10% or more of the total revenue from continuing operations. A related party customer and a third-party customer represented 13% and 38% each of total revenue from continuing operations for the period, respectively. For the three months ended June 30, 2024, the Company had no revenue from continuing operations and therefore no customer represented a significant portion of revenue from continuing operations.

For the six months ended June 30, 2025, the Company had three third-party customers that accounted for 10% or more of the total revenue from continuing operations. These customers represented between 11% and 30% each of total revenue from continuing operations for the period. For the six months ended June 30, 2024, the Company had no revenue from continuing operations and therefore no customer represented a significant portion of revenue from continuing operations.

As of June 30, 2025, one of the Company's related party customers accounted for 14% of accounts receivable and three of the Company's third-party customers also accounted for between 16% and 40% each of accounts receivable. As of December 31, 2024, one third-party customer accounted for 100% of 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.

## Warrants

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 or when incurred. 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 pre-funded warrants. 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 THC products and related party licensing arrangements. The Company licenses intellectual property to a related party under arrangements that provide for sales-based royalties. The Company recognizes royalty income derived from licensing agreements in accordance with ASC Topic 606, Revenue Recognition (“ASC 606”), specifically, the sales-based royalty exception. In accordance with 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 from the sale of hemp-derived THC products 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.
- In accordance with ASC 606-10-55-65 through 55-65B, royalty revenue is recognized only when the underlying sale by the licensee occurs, and the performance obligation has otherwise been satisfied. This approach ensures that revenue is recognized in the period in which it is earned and determinable, consistent with the transfer of control of the intellectual property to the licensee.

### **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 six months ended June 30, 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 June 30, 2025 and 2024 and the six months ended June 30, 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 split effected on 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 ending 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

### Revenue

The Company generates revenue from continuing operations from hemp-derived THC products sales and royalty revenue.

For the three and six months ended June 30, 2025, the Company generated revenue from continuing operations from hemp-derived product sales and sales-based royalty revenue. Revenue from hemp-derived product sales is recognized at a point-in-time when control transfers to the customer. Royalty revenue is recognized over time as the underlying sales occurs in accordance with the terms of the related party license agreements. For the three and six months ended June 30, 2024, the Company had no revenue from continuing operations.

The following table provides the Company's revenue from continuing operations disaggregated by revenue type:

<b>(In thousands)</b>	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Hemp-derived products	\$ 1,794	\$ —	\$ 2,332	\$ —
Royalty revenue	248	—	248	—
<b>Total revenue</b>	<b>\$ 2,042</b>	<b>\$ —</b>	<b>\$ 2,580</b>	<b>\$ —</b>

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 June 30, 2025 and December 31, 2024:

<b>(In thousands)</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Accounts receivable, gross	\$ 1,572	\$ 30
Less allowance for credit losses	—	—
<b>Accounts receivable, net</b>	<b>\$ 1,572</b>	<b>\$ 30</b>

There is nil allowance for credit losses as of June 30, 2025 and December 31, 2024.

## Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following as of June 30, 2025 and December 31, 2024:

<b>(In thousands)</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Prepaid materials	\$ 536	\$ —
Prepaid marketing	551	—
Other receivables	280	170
Prepaid insurance	86	86
Prepaid expenses, other	136	142
Total prepaid expenses and other current assets	<u>\$ 1,589</u>	<u>\$ 398</u>

## Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following as of June 30, 2025 and December 31, 2024:

<b>(In thousands)</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Accrued consulting fees	\$ 1,293	\$ 383
Compensation related fees	488	1,112
Accrued fulfillment and manufacturing related costs	411	—
Accrued marketing fees	251	—
Litigation reserve	132	1,628
Accrued professional fees	128	802
Sales tax payable	13	4
Accrued interest expense	—	161
Other current liabilities	313	—
Total accrued expenses and other current liabilities	<u>\$ 3,029</u>	<u>\$ 4,090</u>

During the six months ended June 30, 2025, the company paid \$1.5 million into escrow related to Cultivation Sale Agreement. See related legal matters in Note 16.

As of June 30, 2025 and December 31, 2024, the Company had related party accrued consulting fees with Green Thumb of approximately \$1.3 million and \$332 thousand, respectively.

## 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 June 30, 2025 and December 31, 2024, the Company’s assets and liabilities measured at fair value on a recurring basis were as follows:

(In thousands)	June 30, 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	\$ —	\$ —	\$ 704	\$ 704	\$ —	\$ —	\$ 996	\$ 996
Total liabilities	\$ —	\$ —	\$ 704	\$ 704	\$ —	\$ —	\$ 996	\$ 996

#### 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 is 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 at 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 or expire. 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 June 30, 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 June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Stock price	\$21.17	\$28.99
Exercise price	\$0.14 - \$22,440	\$0.14 - \$22,440
Expected term (in Years)	1.58-2.64	2.08 - 3.14
Volatility	166.0%	171.0%
Discount rate - treasury yield	3.72-3.97%	4.27%

The following table sets forth a summary of the changes in the fair value of the Level 3 warrant liabilities for the six months ended June 30, 2025 and for the year ended December 31, 2024 and changes in the number of outstanding warrant liabilities for the six months ended June 30, 2025:

<b>(In thousands, except number of outstanding warrant liabilities)</b>	<b>Six months ended June 30, 2025</b>	<b>For the year ended December 31, 2024</b>	<b>Number of Outstanding Warrant Liabilities</b>
Warrant liabilities - beginning of period	\$ 996	\$ 1,290	40,017
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	(292)	17,902	—
Warrant liabilities end of period	<u>\$ 704</u>	<u>\$ 996</u>	<u>40,017</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.

Inventory consisted of the following as of June 30, 2025 and December 31, 2024:

<b>(In thousands)</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Finished goods	\$ 1,239	\$ 500
Raw materials	584	—
Packaging materials	471	—
Inventory, gross	<u>2,294</u>	<u>500</u>
Inventory reserves	(85)	—
Total inventory, net	<u>\$ 2,209</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 June 30, 2025 and December 31, 2024, respectively:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
<b>Assets</b>		
Current assets:		
Prepaid expenses and other current assets	\$ —	\$ 62
Current assets associated with discontinued operations	—	62
Total assets associated with discontinued operations	<u>\$ —</u>	<u>\$ 62</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 56	\$ 2
Accrued expenses and other current liabilities	—	47
Current liabilities associated with discontinued operations	56	49
Total liabilities associated with discontinued operations	<u>\$ 56</u>	<u>\$ 49</u>

The following table summarizes the Company's income from discontinued operations of the Cultivation Business for the three and six months ended June 30, 2025 and 2024, respectively:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Revenue	\$ —	\$ 119	\$ —	\$ 59
Cost of goods sold	—	(312)	—	342
Gross income (loss)	—	431	—	(283)
Selling, general and administrative	—	984	175	1,959
Gain on settlement of contingent liabilities	—	—	—	(5,935)
Gain on early termination of lease	—	(39)	—	(39)
Total operating expense (income)	—	945	175	(4,015)
<b>Operating (loss) income from discontinued operations</b>	—	(514)	(175)	3,732
Net (loss) income from discontinued operations	—	(514)	(175)	3,732
Income tax effect on discontinued operations	—	—	—	—
(Loss) income from discontinued operations, net of income taxes	\$ —	\$ (514)	\$ (175)	\$ 3,732

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 and six months ended June 30:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Depreciation and amortization	\$ —	\$ 277	\$ —	\$ 562
Provision for (recovery of) credit losses	\$ —	\$ 4	\$ —	\$ (280)
Recovery of provision for slow-moving inventory	\$ —	\$ (364)	\$ —	\$ (349)

### 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 products 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 \$3.5 million, net with a loss from discontinued operations of \$2.0 million for a total net gain of \$1.5 million, was recorded in net income from discontinued operations in the condensed consolidated statement of operations for the six months ended June 30, 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 June 30, 2025, and were considered material. The net loss from discontinued operations for the three and six months ended June 30, 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 June 30, 2025 and December 31, 2024. Balances as of June 30, 2025 have been remeasured at fair value less cost to sell.

The assets and liabilities associated with discontinued operations with respect to the Extraction Business consisted of the following as of June 30, 2025 and December 31, 2024, respectively:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Assets</b>		
Current assets:		
Accounts receivable, net	\$ 7	\$ 318
Inventory, net	—	1,079
Prepaid expenses and other current assets	39	1,137
Current assets associated with discontinued operations	46	2,534
Property and equipment, net	—	186
Operating lease right-of-use assets	85	504
Other non-current assets	12	25
Non-current assets associated with discontinued operations	97	715
Total assets of discontinued operations	<u>\$ 143</u>	<u>\$ 3,249</u>
Current liabilities:		
Accounts payable	\$ 569	\$ 1,247
Accrued expenses and other current liabilities	165	5,160
Operating lease liabilities, current	95	261
Customer deposits	1,358	2,525
Current liabilities associated with discontinued operations	2,187	9,193
Operating lease liabilities, net of current	—	257
Non-current liabilities associated with discontinued operations	—	257
Total liabilities associated with discontinued operations	<u>\$ 2,187</u>	<u>\$ 9,450</u>

The following table summarizes the Company's (loss) income from discontinued operations of the Extraction Business for the three and six months ended June 30, 2025 and 2024, respectively:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Revenue	\$ 18	\$ 2,875	\$ 1,187	\$ 5,533
Cost of goods sold	15	2,179	1,835	3,958
Gross profit (loss)	3	696	(648)	1,575
Selling, general and administrative	126	1,001	1,196	3,030
Impairment of right-of-use assets	—	—	24	—
Gain on disposal of property and equipment	—	—	(2)	—
Total operating expenses	126	1,001	1,218	3,030
<b>Operating loss from discontinued operations</b>	(123)	(305)	(1,866)	(1,455)
<b>Other (expense) Income</b>				
(Loss) gain on disposal of Extraction business	(32)	—	3,534	—
Other income, net	—	5	—	19
Total other (expense) income	(32)	5	3,534	19
Net (loss) income from discontinued operations	(155)	(300)	1,668	(1,436)
Income tax effect on discontinued operations	—	—	—	—
Income (loss) from discontinued operations, net of income taxes	\$ (155)	\$ (300)	\$ 1,668	\$ (1,436)

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 June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Depreciation and amortization	\$ —	\$ 97	\$ 52	\$ 220
(Recovery of) provision for credit losses	\$ (58)	\$ 53	\$ 53	\$ 650
Recovery of provision for slow-moving inventory	\$ —	\$ (94)	\$ —	\$ (121)

## Note 7 — Business Combinations

The Company has determined that the below acquisitions meet the criteria for business combinations under ASC 805, *Business Combinations*. They are accounted for by applying the acquisition method, whereby the assets acquired, and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill (where applicable). Operating results have been included in these consolidated financial statements from the date of each respective acquisition. Supplemental pro forma financial information has not been presented as the impact was not material to the Company's consolidated financial statements.

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. For the intangible assets identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows and take into consideration other significant assumptions such as the expected use, market uncertainty and the intangible asset useful lives.

### *Acquisition of MC Brands LLC*

On May 20, 2025, the Company entered into a purchase agreement with VCP IP Holdings, LLC ("VCP"), an indirect wholly-owned subsidiary of Green Thumb, a related party, pursuant to which the Company acquired all of the equity interests in MC Brands LLC and its wholly-owned subsidiary Core Growth LLC (together referred to as "MC Brands"). The assets of MC Brands consist primarily of intellectual property rights to the *incredibles* brand. The aggregate consideration exchanged for the equity interest was \$5.1 million of cash.

The Company prepared a preliminary purchase price allocation 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). Final valuations of the assets acquired and liabilities assumed are not yet complete due to the inherent complexity associated with valuations and the short period of time between the acquisition date and the period end. As part of the preliminary purchase accounting, the Company recorded intangible assets of \$4.8 million relating to the *incredibles* trade name intellectual property and \$275 thousand of customer relationships. The preliminary estimates for useful lives of the identified intangibles are five years for trade names and seven years for customer relationships with a weighted average useful life of 5.11 years. As the total purchase price equaled the fair value of the net identifiable assets acquired, no goodwill was recorded.

The following table summarizes the preliminary allocation of the purchase price:

#### **Allocation of Purchase Price (in thousands)**

Accounts Receivable	\$ 469
Inventory	287
Prepaid	22
Tradenames	4,800
Customer Relationships	275
Total assets acquired at fair value	<u>5,853</u>
Accounts Payable	(778)
Total liabilities assumed at fair value	<u>(778)</u>
Total purchase price	<u>\$ 5,075</u>

### Acquisition – Double or Nothing

As previously disclosed, on December 12, 2024, the Company acquired certain assets from Double or Nothing, the owner and creator of the Señorita brand of hemp-derived THC drinks. As of June 30, 2025, the Company has completed its purchase price allocation for the Double or Nothing business combination. The final allocation remains unchanged from the preliminary amounts disclosed in the Company's financial statements for the fiscal year ended December 31, 2024. Based on the information available to management, no further adjustments are expected. Accordingly, the measurement period has ended and the purchase accounting is now considered final in accordance with ASC 805.

The following table summarizes the final allocation of purchase price for Double or Nothing:

#### Allocation of Purchase Price (in thousands)

Inventory	\$	500
Deposits		123
Tradenames		6,100
Customer Relationships		2,800
Goodwill		9,713
Total purchase price	\$	<u>19,236</u>

#### Note 8 — Intangible Assets, Net

Intangible assets, net at June 30, 2025 and December 31, 2024 are summarized as follows:

	June 30, 2025				
	Estimated Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Amount	Net Carrying Amount
Tradenames	5 - 7	\$ 10,900	\$ (540)	\$ —	\$ 10,360
Customer Relationships	7 - 10	3,075	(143)	—	2,932
		<u>\$ 13,975</u>	<u>\$ (683)</u>	<u>\$ —</u>	<u>\$ 13,292</u>

  

	December 31, 2024				
	Estimated Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Amount	Net Carrying Amount
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 \$399 thousand and \$0, respectively, in general and administrative expense in the condensed consolidated statements of operations for the three months ended June 30, 2025 and 2024, respectively.

The Company recorded amortization expense of \$683 thousand and \$0, respectively, in general and administrative expense in the condensed consolidated statements of operations for the six months ended June 30, 2025 and 2024, respectively.

**Note 9 — Debt**

The Company's debt consisted of:

<b>(In thousands)</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Related party debt:</b>		
Convertible Notes	\$ 37,000	\$ 10,000
Total related party debt	37,000	10,000
Less: current portion	(10,000)	(10,000)
Related party debt, net of current	<u>\$ 27,000</u>	<u>\$ —</u>
<b>Short-term debt:</b>		
PPP Loan	\$ 617	\$ 518
Other Notes Payable - Current	4	4
Total short-term debt	<u>\$ 621</u>	<u>\$ 522</u>
<b>Long-term debt:</b>		
Convertible Notes	3,000	—
Other notes payable	—	1
Total long-term debt	3,000	1
Less: current portion	—	—
Long-term debt, net of current	<u>\$ 3,000</u>	<u>\$ 1</u>

**Convertible Notes**

On November 5, 2024, the Company issued a secured convertible note (the "November 2024 Note") to RSLGH, LLC ("RSLGH"), a subsidiary of Green Thumb, a related party. The November 2024 Note is a secured obligation of the Company and ranks senior to all indebtedness of the Company except for the May 2025 Notes (as defined below), which rank on parity with the November 2024 Note. The November 2024 Note will mature on November 5, 2025 and has a 10.0% annualized interest rate. The principal amount of the November 2024 Note will be payable on the maturity date. The November 2024 Note provides for advances of up to \$20 million in the aggregate, of which \$10 million was advanced upon issuance. The November 2024 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, which were issued in lieu of the cash interest that would otherwise be payable under the November 2024 Note. The number of pre-funded warrants is equal to the cash interest amount otherwise payable on the November 2024 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 November 2024 Note. On May 22, 2025, the Company and RSLGH entered into a second amendment to the November 2024 Note, which amended the terms to, among other things, permit RSLGH to elect, subject to any required approvals under Nasdaq listing rules, to receive pre-funded warrants in lieu of shares of Common Stock upon conversion of the November 2024 Note at a conversion price equal to the existing conversion price of \$3.158 less the \$0.001 exercise price of each pre-funded warrant.

On May 22, 2025, the Company issued secured convertible notes with an aggregate original principal amount of \$30.0 million (collectively the "May 2025 Notes") to RSLGH and to certain other third-party accredited investors. The May 2025 Notes are secured obligations of the Company and rank senior to all indebtedness of the Company except for the November 2024 Note, which ranks on parity with the May 2025 Notes. The May 2025 Notes will mature on November 22, 2026 and accrue interest at a 10.0% annualized rate, with interest to be paid on the first calendar day of each September and March while the May 2025 Notes are outstanding, in pre-funded warrants, beginning September 1, 2025. The principal amount of the May 2025 Notes will be payable on the maturity date. The May 2025 Notes may be converted into Common Stock or, at the election of the holder, into pre-funded warrants, with a beneficial ownership limitation for RSLGH of 49.99% and a beneficial ownership limitation for other holders of 4.99%, in each case subject to applicable Nasdaq listing rules. If a holder elects to convert the May 2025 Notes into Common Stock, the conversion price per share will be \$23.53, equal to the most recent closing price of the Common Stock on the Nasdaq Capital Market at the time the May 2025 Notes were issued, subject to customary adjustments for certain corporate events. If a holder elects to convert the May 2025 Notes into pre-funded warrants, and for interest payments payable in the form of pre-funded warrants, the conversion price per pre-funded warrant will be equal to the \$23.53 conversion price less than \$0.001 exercise price of the warrant. The conversion of the May 2025 Notes into Common Stock and/or pre-funded warrants is subject to certain customary conditions and, to the extent necessary, the receipt of stockholder approval under Nasdaq listing rules.

The November 2024 Note and the May 2025 Notes (together referred to as “the Notes”) impose certain customary affirmative and negative covenants upon the Company, including covenants relating to ranking and reservation of shares. If an event of default under a Note occurs and is not waived, the holder can elect to accelerate all or a portion of the then-outstanding principal amount of the applicable Note, 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 as of June 30, 2025.

The Company determined the convertible notes do not contain features that qualify as embedded derivatives in accordance with ASC 815. Borrowings under the Notes as of June 30, 2025 totaled \$40.0 million, \$10.0 million of which are recorded on the Company’s condensed consolidated balance sheets in related party debt, current, \$27.0 million of which are recorded in related party debt, and the remaining are reported in long-term debt, net of current.

Related party interest expense incurred on the Notes amounted to approximately \$548 thousand and \$0 for the three months ended June 30, 2025 and 2024, respectively. Related party interest expense incurred on the Notes amounted to approximately \$798 thousand and \$0 for the six months ended June 30, 2025 and 2024, respectively.

Interest expense incurred on the Notes related to unaffiliated third parties amounted to approximately \$33 thousand and \$0 for the three months ended June 30, 2025 and 2024, respectively. Interest expense incurred on the Notes related to unaffiliated third parties amounted to approximately \$33 thousand and \$0 thousand for the six months ended June 30, 2025 and 2024, respectively.

As of June 30, 2025, future minimum principal payments on all debt positions, excluding accrued interest amounts, were as follows:

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

Remaining 2025	\$	10,621
2026		30,000
Total future payments	\$	<u>40,621</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 June 30, 2025 and December 31, 2024, the Company had no active finance leases.

Also during the six months ended June 30, 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 a sublease income of \$27 thousand, within loss from discontinued operations in the condensed consolidated statements of operations. 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 six months ended June 30, 2025, in connection with the discontinuation of Extraction Business, the Company terminated a lease early 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 June 30, 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 and six months ended June 30, 2025. As of June 30, 2025, there is no future lease payment related to continuing operations.

## Note 11 — Stockholders' Equity

### Public Offerings

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 would 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.

### Related Party Warrant Issuance

On May 21, 2024, in connection with the amendment of previously outstanding notes, the Company issued 492,204 and 525,114 Pre-Funded Warrants to GIC Acquisitions and CP (the "Related Party Pre-Funded Warrants"), respectively, in exchange of notes payable amounting approximately to \$2.29 million and \$11.5 million, respectively. The Related Party Pre-Funded Warrants can be used to purchase Company's Common Stock with par value of \$0.001 at an exercise price of \$0.015. The Related Party Pre-Funded Warrants have been identified as freestanding financial instruments and were determined not to be indexed to the Company's own stock. Accordingly, the Related Party Pre-Funded Warrants are precluded from being classified within equity and classified as a liability with subsequent changes in fair value recognized each reporting period in earnings. The fair value of the Related Party Pre-Funded Warrants on the issuance date was \$5,600,334 determined as the intrinsic value.

On June 30, 2024, the Company executed an amendment to the Related Party Pre-Funded Warrants, pursuant to which the Company revised certain provisions of the Related Party Pre-Funded Warrants to (i) remove the adjustment to the exercise price of the Related Party Pre-Funded Warrants when there is a bona fide equity financing with the primary purpose of raising capital (the "Adjustment Provisions") and (ii) increase the threshold for a change of control from 50% to greater than 50%. The classification of the Related Party Pre-Funded Warrants was reassessed upon the modification and the Related Party Pre-Funded Warrants were determined to meet all of the additional requirements for equity classification. Accordingly, as of June 30, 2024, the Company remeasured the Related Party Pre-Funded Warrants to its fair value immediately prior to the modification and recognized the change in fair value of approximately \$1.2 million in earnings. The Company then reclassified the Pre-Funded Warrant liability to stockholders' equity at its post-modification fair value of \$6.8 million.

On August 12, 2024, the stockholders of the Company approved a proposal to amend the Related Party Pre-Funded Warrants to add the Adjustment Provisions at a future date. Pursuant to that approval, on August 28, 2024, the Company entered into amendments to the Related Party Pre-Funded Warrants to insert the Adjustment Provisions. This resulted in a reassessment of the Related Party Pre-Funded Warrants such that they no longer met the requirements for equity classification and became classified as liabilities. They were remeasured to their fair value upon modification, resulting in a reduction in value of approximately \$3.1 million. The fair value, as of August 28, 2024, of \$3,723,383 was reclassified to a warrant liability. As a result of the warrant amendments and the subsequent issuance of 189,645 shares of Common Stock to Ionic at an effective purchase price of \$2.109 per share of Common Stock, the number of shares of Common Stock underlying the Related Party Pre-Funded Warrant held by CP Acquisitions was adjusted to 5,452,288 and the number of shares of Common Stock underlying the Related Party Pre-Funded Warrant held by GIC Acquisition was adjusted to 1,085,122. On August 30, 2024, CP Acquisitions partially exercised its Pre-Funded Warrant and entities affiliated with Raymond Chang and I-Tseng Jenny Chan received an aggregate of 383,127 shares of Common Stock upon the exercise.

On September 27, 2024, the Company executed an amendment to the Related Party Pre-Funded Warrants to remove the Adjustment Provisions. Accordingly, the Related Party Pre-Funded Warrants met the requirements for equity classification. The amendment also included a provision preventing the holders from any additional exercise of either of the Related Party Pre-Funded Warrants at any time between September 27, 2024 and October 9, 2024. They were remeasured to their fair value upon modification resulting in an increase to the fair value of \$18,392,143. The fair value as of September 27, 2024 of \$20,770,707 was reclassified to equity.

## **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. On June 11, 2025, the Company's stockholders approved an amendment to the 2022 Plan to increase the number of shares issuable thereunder by 250,000 shares. As of June 30, 2025, there were 231,815 shares of Common Stock available to be granted under the Company's 2022 Plan.

The Company's stock compensation expense from continuing operations was \$537 thousand and \$58 thousand for the three months ended June 30, 2025 and 2024, respectively. The Company's stock compensation expense from continuing operations was \$1.1 million and \$511 thousand for the six months ended June 30, 2025 and 2024, respectively.

The Company's stock compensation expense from discontinued operations was a forfeiture of \$22 thousand and an expense of \$23 thousand for the three months ended June 30, 2025 and 2024, respectively. The Company's stock compensation expense from discontinued operations was a forfeiture of \$20 thousand and an expense of \$60 thousand for the six months ended June 30, 2025 and 2024, respectively.

### ***Stock Options***

For six months ended June 30, 2025, there were no options granted or exercised under the Company's stock option plans. For the same period, there were 141 options expired with a weighted average exercise price of \$11 thousand. There were 75 and 216 options outstanding with a weighted average exercise price of \$27 thousand and \$19 thousand as of June 30, 2025 and December 31, 2024, respectively. There were 75 options vested and exercisable with a weighted average exercise price of \$27 thousand as of June 30, 2025. There were no unvested options as of June 30, 2025.

As of June 30, 2025, there was no unrecognized compensation expense related to unvested options.

The following table summarizes information about options vested and exercisable at June 30, 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	5.64	\$	40,234
\$	14,248	34	5.35	\$	14,208
\$	5,717	3	5.08	\$	4,104

#### ***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 six months ended June 30, 2025:

	<b>Number of Shares</b>	<b>Weighted-Average Grant Date Fair Value</b>
Unvested at December 31, 2024	102,867	\$ 17.42
Granted	32,500	27.54
Vested	(41,258)	16.45
Forfeited	(14,109)	4.57
Unvested at June 30, 2025	<u>80,000</u>	<u>\$ 24.39</u>

As of June 30, 2025, total unrecognized compensation expense related to unvested restricted stock units was \$1.2 million, which is expected to be recognized over a weighted average period of 0.6 years.

**Note 13 — Stock Warrants**

The following tables present all warrant activity of the Company for the six months ended June 30, 2025:

	<b>Number of Warrants</b>	<b>Weighted- Average Exercise Price</b>
Warrants outstanding at December 31, 2024	7,576,573	\$ 7.30
Issued	18,614	19
Exercised	—	—
Canceled	—	—
Warrants outstanding at June 30, 2025	<u>7,595,187</u>	<u>\$ 7.33</u>

**Note 14 — Income Taxes**

The Company's effective income tax rates were 0% for each of the three and six months ended June 30, 2025 and 2024. There was no provision for (benefit from) income taxes for the three and six months ended June 30, 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 and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024.

The utilization of the Company's net operating loss ("NOL") carryforwards is subject to limitations under Section 382 of the Internal Revenue Code of 1986, as amended and similar provisions in various state jurisdictions due to historical change in ownership provisions ("Ownership Changes"). These limitations may reduce the amount of NOLs available in future periods and may result in the expiration of certain NOLs before they can be utilized. During the quarter ended June 30, 2025, the Company completed an analysis of Ownership Changes, which had not previously been performed. The analysis identified multiple historical ownership changes that significantly limit the utilization of federal NOLs through the date of the most recent change on November 5, 2024, subjecting them to a minimal annual limitation. The Company is in the process of conducting a similar analysis for state income tax purposes. NOLs generated after November 5, 2024 are not currently subject to this limitation and may be available to offset future taxable income, although any future ownership changes could impose additional limitations. The Company continues to maintain a full valuation allowance against its deferred tax assets, including NOLs, due to the Section 382 limitations resulting from historical ownership changes and the uncertainty surrounding the Company's ability to generate sufficient taxable income to utilize the remaining NOLs before they expire.

On July 4, 2025, the One Big Beautiful Bill ("OBBA") was enacted, introducing significant and wide-ranging changes to the U.S. tax system. The bill includes restoration of 100% accelerated tax depreciation on qualifying property including expansion to cover qualified production property. Another key point is the return to immediate expensing of domestic research and experimental expenditures ("R&E") and accelerated tax deductions of R&E that was previously capitalized for large businesses. The legislation also reinstates EBITDA-based interest deduction for tax purposes. While the Company does not expect material impact, the Company is currently assessing the potential impact of this legislation on its future financial position, results of operations, and cash flows. In accordance with U.S. GAAP, the effects will be recognized in the period of enactment.

## 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 June 30, 2025 and 2024 and six months ended June 30, 2025 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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
<b>Numerator:</b>				
Net loss attributable to Agrify Corporation from continuing operations	\$ (7,205)	\$ (2,158)	\$ (10,479)	\$ (1,032)
Net (loss) income attributable to Agrify Corporation from discontinued operations	(155)	(814)	1,493	2,296
Numerator for basic EPS - net (loss) income available for common shareholders	<u>\$ (7,360)</u>	<u>\$ (2,972)</u>	<u>\$ (8,986)</u>	<u>\$ 1,264</u>
Effect of dilutive securities:				
Interest expense on convertible notes - from continuing operations	\$ —	\$ —	\$ —	\$ 520
Numerator for diluted EPS - net (loss) income available for common shareholders after assumed conversions	<u>\$ (7,360)</u>	<u>\$ (2,972)</u>	<u>\$ (8,986)</u>	<u>\$ 1,784</u>
<b>Denominator:</b>				
Denominator for basic EPS - Weighted-average common shares outstanding	1,965,425	940,953	1,958,724	701,563
Effect of dilutive securities:				
Conversion of convertible notes	—	—	—	994,506
Denominator for diluted EPS - adjusted weighted-average common stock outstanding after assumed conversions	<u>1,965,425</u>	<u>940,953</u>	<u>1,958,724</u>	<u>1,696,069</u>
Basic net (loss) income per share attributable to common stockholders	<u>\$ (3.74)</u>	<u>\$ (3.16)</u>	<u>\$ (4.59)</u>	<u>\$ 1.80</u>
Diluted net (loss) income per share attributable to common stockholders	<u>\$ (3.74)</u>	<u>\$ (3.16)</u>	<u>\$ (4.59)</u>	<u>\$ 1.05</u>

As of June 30, 2024, the Company had convertible notes outstanding with a principal balance of approximately \$3.3 million convertible into 176,309 shares of Common Stock. During the six months ended June 30, 2024, the Company also converted a portion of the convertible notes into 178,109 shares of Common Stock and 1,017,318 pre-funded warrants to purchase 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 June 30, 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 six months ended June 30, 2024, the Company assumed conversion of the 178,109 shares of Common Stock and the 1,017,318 pre-funded warrants as of the beginning of the period, January 1, 2024, eliminating the weighting of the shares from issuance to June 30, 2024. The Company also included in the denominator for diluted EPS for the six months ended June 30, 2024, the assumed conversion of 176,309 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, and convertible notes, 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 Convertible Notes outstanding during the six months ended June 30, 2025 were also excluded from the computation of diluted net (loss) per share as they do not represent common stock equivalents unless and until conversion conditions are met. 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:

	Six months ended June 30,	
	2025	2024
Shares subject to outstanding warrants	7,595,187	154,149
Shares subject to unvested restricted stock units	80,000	122
Shares subject to outstanding stock options	75	663
	<u>7,675,262</u>	<u>154,934</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 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.

### ***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.

## 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. Ben Kovler, Agrify's Chairman and Interim Chief Executive Officer also serves as Green Thumb's Chairman and Chief Executive Officer. Agrify's Chief Financial Officer is a Green Thumb employee and provides services under a shared services agreement. Including Mr. Kovler, two of Agrify's seven directors are affiliated with Green Thumb. Additional details regarding the shared services arrangement, convertible notes, and intellectual property and licensing agreements are provided in the sections below.

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

(In thousands)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Green Thumb Industries	\$ 3,370	\$ —	\$ 4,926	\$ —

The net activity of \$3.4 million during the three months ended June 30, 2025 consists of \$2.9 million of support services performed by Green Thumb on behalf of the Company, \$182 thousand non-royalty chargeback expense, \$548 thousand interest charges for the Convertible Notes, offset by \$245 thousand royalty revenue from Green Thumb.

The net activity of \$4.9 million during the six months ended June 30, 2025 consists of \$4.3 million of support services performed by Green Thumb on behalf of the Company, which is comprised of \$3.7 million in salary charges and \$562 thousand in non-salary charges, and \$798 thousand interest charges, \$182 thousand non-royalty chargeback expense, offset by \$80 thousand of equipment sales and beverage sales and \$245 thousand royalty revenue from the Company to Green Thumb.

The following table summarizes the net related party payable as of June 30, 2025 and December 31, 2024:

(In thousands)	June 30, 2025	December 31, 2024
Green Thumb Industries	\$ 38,787	\$ 10,487

The net related party payable of \$38.8 million as of June 30, 2025, consists of \$1.3 million service charge payable, \$37.0 million convertible notes payable, \$443 thousand accrued interest payable, \$232 thousand non-royalty chargeback payable, offset by \$181 thousand receivable from royalty revenue.

### Related Party Royalty Revenue

On May 20, 2025, the Company acquired intellectual property rights to the *incredibles* brand, as part of the related party acquisition of MC Brands. In connection with the acquisition, the Company also licensed *incredibles* brand back to Green Thumb under a license arrangement and recognized related party royalty revenue. For further discussion on the acquisition and royalty revenue, refer to Note 7 and Note 2 included elsewhere in the notes to the unaudited condensed consolidated financial statements.

### Convertible Notes

On November 5, 2024, the Company issued the November 2024 Note to RSLGH, an indirect wholly-owned subsidiary of Green Thumb, a related party. On May 22, 2025, the Company issued a May 2025 Note with an original principal amount of \$27.0 million to RSLGH. For further discussion on these notes, refer to Note 9 included elsewhere in the notes to the unaudited condensed consolidated financial statements.

### ***Support Services Agreement***

On May 20, 2025, the Company entered into an Amended and Restated Shared Services Agreement (the “Services Agreement”) with Vision Management Services, LLC (“VMS”), an indirect wholly-owned subsidiary of Green Thumb, a related party. Under the Services Agreement, VMS will provide certain administrative, supply chain, operations management, sales and marketing, and technical services to the Company and its subsidiaries. As consideration for those services, the Company pays VMS service fees equal to (i) 125% of the costs incurred by VMS in connection with any services provided by non-dedicated personnel and (ii) 100% of such costs incurred by VMS in connection with services provided by dedicated personnel and any third-party costs incurred in connection with the services. The service fees are payable in cash or, upon mutual agreement of the Company and VMS and to the extent permitted under applicable Nasdaq listing rules, in Common Stock or in pre-funded warrants, with the value per share of Common Stock or pre-funded warrant being equal to \$26.68, the most recent closing price of the Company’s Common Stock on the Nasdaq Capital Market as of the time the Services Agreement was executed. The maximum cost for services provided by non-dedicated personnel during the one-year term of the Services Agreement may not exceed \$3.0 million unless the parties otherwise agree in writing.

### **Note 18 — Segment Reporting**

The Company has determined that it operates as a single operating and reporting segment in accordance with ASC 280, Segment Reporting. This is due to the key decisions and allocation of resources happening in a centralized manner based on the review of the Company’s Chief Operating Decision Maker (“CODM”), Benjamin Kovler, the Company’s Chairman and Interim Chief Executive Officer, of Operating income from continuing operations of the Company. This profit measure is presented in the Condensed Consolidated Statements of Operations and the disaggregation of sales from hemp-derived THC products and royalties is presented in Note 2 – Revenue. There are no significant expenses associated with the royalty revenue and the CODM does not review expense allocations, amortization expense or specific assets when reviewing royalty revenue.

### **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 portfolio of consumer-packaged goods brands includes our Señorita brand which offers consumers hemp-derived tetrahydrocannabinol (“THC”) beverages that mirror well-known cocktails like a margarita – in four flavors – classic Lime Jalapeño Margarita, Mango Margarita, Paloma and Ranch Water. 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 eleven U.S. states and Canada, with plans for expansion and future availability in premier on-premises destinations. Other hemp-derived products including *incredibles* and Beboe edible products are primarily sold online and through direct-to-retail partnerships.

In addition to hemp-derived products, Agrify has also historically been a leading provider of innovative cultivation and extraction solutions for the cannabis industry (the “Extraction Business”). Prior to our exit of the Extraction Business 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 Vertical Farming Units (“VFUs”) enabled cultivators to produce high quality products for the cannabis industry (the “Cultivation Business”).

#### *Reverse Stock Split*

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.

### Lines of Business

#### *Hemp-Derived Products and Royalties*

We 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 four award-winning flavors – classic Lime Jalapeño Margarita, Paloma, Mango Margarita, and Ranch Water. Señorita’s hemp-derived beverages are currently available at top retailers including Total Wine, ABC Fine Wine & Spirits, and Binny’s in eleven 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).

On May 20, 2025, we acquired MC Brands, which consists primarily of intellectual property rights to the *incredibles* brand. Concurrent with the MC Brands acquisition, we entered a License Agreement with subsidiaries of Green Thumb Industries Inc. (“Green Thumb”), a related party, to use certain intellectual property related to the Beboe, Rythm and *incredibles* brands. The Beboe and Rythm licensing agreements are in connection with our production, marketing and sale of hemp-derived products to the extent such activities are legal under applicable state and federal laws in the United States. By contrast, the *incredibles* licensing agreement grants GTI Core (an indirectly wholly-owned subsidiary of Green Thumb) the rights to use certain intellectual property related to the *incredibles* brand in connection with GTI Core’s existing state-licensed cannabis business. The consideration payable by GTI Core for the license rights consists of a monthly license fee, payable in cash, based on sales of product using the licensed intellectual property.

#### *Co-Manufacturing Arrangements*

Our finished goods are manufactured by various third-party co-manufacturers situated throughout the United States and Canada, under separate arrangements with each party. Our co-manufacturing arrangements vary in terms and, from time to time, we may enter into manufacturing contracts with agreed upon minimum quantities to ensure continuity of supply of certain products in certain territories. We continue to actively seek alternative and/or additional co-manufacturing facilities with adequate capacity and capability for the production of our various products to minimize transportation costs as well as mitigate the risk of disruption in production.

Our ability to estimate demand for our products is imprecise, particularly with new products, and may be less precise during periods of rapid growth, including in new markets. If we materially underestimate demand for our products and/or are unable to secure sufficient ingredients or raw materials and/or procure adequate co-manufacturing arrangements and/or obtain adequate or timely shipment of our products, we might not be able to satisfy demand on a short-term basis.

#### *Distribution Agreements*

During the first half of 2025, we continued to expand distribution of our hemp-derived beverage products in our domestic markets. We have entered into agreements with various distributors providing for the distribution of certain of our hemp-derived beverage products, subject to certain terms and conditions, which may vary depending on the form of the agreement. Such agreements remain in effect for their then-current term as long as our products are being distributed, but are subject to specified termination rights held by each party. Additionally, we are entitled to terminate certain distribution agreements at any time without cause upon payment of a termination fee, which may be material depending on the agreement.

#### **Discontinued Operations**

##### *Cultivation Solutions*

Prior to its sale on December 31, 2024, we sold proprietary cultivation solutions to independent licensed cultivators as part of our Cultivation Business. 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 that were a part of our Extraction Business could 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 sold our proprietary extraction solutions to independent, licensed cultivators and processing labs.

We had strategically acquired four brands in the extraction space in late 2021 and early 2022: 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, business combinations, 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 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 or when incurred. 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**

We generate revenue from continuing operations through the sale of hemp-derived THC products and related party licensing arrangements. We license intellectual property to a related party under arrangements that provide for sales-based royalties. We recognize royalty income derived from licensing agreements in accordance with ASC 606, specifically, for sales-based royalties. 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 us and our 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:** We identify 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. Our revenue-generating activities typically have a single performance obligation.
- **Determine the transaction price:** The transaction price is the amount of consideration we expect 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 we 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 from the sale of hemp-derived THC products 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. We do 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.
  - In accordance with ASC 606-10-55-65 through 55-65B, royalty revenue is recognized only when the underlying sale by the licensee occurs, and the performance obligation has otherwise been satisfied. This approach ensures that revenue is recognized in the period in which it is earned and determinable, consistent with the transfer of control of the intellectual property to the licensee.

## **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 have an uncertain tax position offsetting our research and development tax credits given we have not engaged any third parties to perform a study to support credits claimed under Internal Revenue Code §41 for tax years ended December 31, 2016 through December 31, 2024. If recognized, none of the unrecognized tax benefits would impact our effective tax rate.

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 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, we have 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 and Six Months Ended June 30, 2025 and 2024

The following table summarizes our results of continuing operations for the three and six months ended June 30, 2025 and 2024:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Revenue	\$ 2,042	\$ —	\$ 2,580	\$ —
Cost of goods sold	1,360	—	1,808	—
Gross profit	682	—	772	—
Selling, general and administrative	7,480	677	11,271	2,229
Research and development	—	185	—	460
Change in contingent consideration	—	—	—	(2,180)
Loss on disposal of property and equipment	—	(9)	—	(9)
Total operating expenses	7,480	853	11,271	500
<b>Operating loss from continuing operations</b>	<b>(6,798)</b>	<b>(853)</b>	<b>(10,499)</b>	<b>(500)</b>
Interest expense, net	(291)	(28)	(290)	(128)
Change in fair value of warrant liabilities	(115)	(1,277)	292	(404)
Other (expense) income, net	(1)	—	18	—
Total other (expense) income, net	(407)	(1,305)	20	(532)
Loss from continuing operations before income taxes	(7,205)	(2,158)	(10,479)	(1,032)
Income tax provision	—	—	—	—
Loss from continuing operations, net of income taxes	(7,205)	(2,158)	(10,479)	(1,032)
(Loss) income from discontinued operations	(123)	(814)	(2,041)	2,296
(Loss) gain on disposal of Extraction business	(32)	—	3,534	—
Income tax effect on discontinued operations	—	—	—	—
(Loss) income from discontinued operations, net of income taxes	(155)	(814)	1,493	2,296
Net (loss) income	(7,360)	(2,972)	(8,986)	1,264
Income (loss) attributable to non-controlling interest	—	—	—	—
Net (loss) income attributable to Agrify Corporation	\$ (7,360)	\$ (2,972)	\$ (8,986)	\$ 1,264
Net (loss) income per share attributable to Common Stockholders – basic <sup>(1)</sup>	\$ (3.74)	\$ (3.16)	\$ (4.59)	\$ 1.80
Net (loss) income per share attributable to Common Stockholders – diluted <sup>(1)</sup>	\$ (3.74)	\$ (3.16)	\$ (4.59)	\$ 1.05
Weighted average common shares outstanding - basic <sup>(1)</sup>	1,965,425	940,953	1,958,724	701,563
Weighted average common shares outstanding – diluted <sup>(1)</sup>	1,965,425	940,953	1,958,724	1,696,069

(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.

## Revenues

We generate revenue from sales of hemp-derived THC products and related party royalty revenue.

The following table provides a breakdown of our revenue from continuing operations for the three and six months ended June 30, 2025 and 2024:

(In thousands)	Three months ended June 30,		Change	% Change	Six months ended June 30,		Change	% Change
	2025	2024			2025	2024		
Hemp-derived products	\$ 1,794	\$ —	\$ 1,794	N/A	\$ 2,332	\$ —	\$ 2,332	N/A
Royalty Revenue	248	—	248	N/A	248	—	248	N/A
Total revenue	\$ 2,042	\$ —	\$ 2,042	N/A	\$ 2,580	\$ —	\$ 2,580	N/A

Revenue increased by \$1.8 million for the three months ended June 30, 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 and the acquisition of MC Brands in May 2025 and all revenue from the Cultivation Business and Extraction Business for the three months ended June 30, 2024 being presented as part of discontinued operations.

Revenue increased by \$2.6 million for the six months ended June 30, 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 and the acquisition of MC Brands in May 2025 and all revenue from the Cultivation Business and Extraction Business for the six months ended June 30, 2024 being presented as part of discontinued operations.

### Cost of Goods Sold

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

The following table provides a breakdown of our cost of goods sold from continuing operations for the three and six months ended June 30, 2025 and 2024:

(In thousands)	Three months ended June 30,				Six months ended June 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Hemp-derived products	\$ 1,360	\$ —	\$ 1,360	N/A	\$ 1,808	\$ —	\$ 1,808	N/A
Total cost of goods sold	\$ 1,360	\$ —	\$ 1,360	N/A	\$ 1,808	\$ —	\$ 1,808	N/A

Cost of goods sold increased by \$1.4 million for the three months ended June 30, 2025 compared to the same period in 2024. The comparative increase in cost of goods sold is associated with the acquisition of Señorita in December 2024, which aligns with the increase in revenue.

Cost of goods sold increased by \$1.8 million for the six months ended June 30, 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

(In thousands)	Three months ended June 30,				Six months ended June 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Gross profit	\$ 682	\$ —	\$ 682	N/A	\$ 772	\$ —	\$ 772	N/A

Gross profit totaled \$682 thousand, or 33.4% of total revenue during the three months ended June 30, 2025.

Gross profit totaled \$772 thousand, or 29.9% of total revenue during the six months ended June 30, 2025.

### Selling, General and Administrative

(In thousands)	Three months ended June 30,				Six months ended June 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Selling, general and administrative	\$ 7,480	\$ 677	\$ 6,803	1005%	\$ 11,271	\$ 2,229	\$ 9,042	406%

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 \$6.8 million, or 1005%, for the three months ended June 30, 2025, compared to the same period in 2024. The comparative change is primarily attributable to sales and marketing expense to support the growth of the hemp-derived THC products in addition to the SG&A expense from the Cultivation Business and Extraction Business for the three months ended June 30, 2024 being presented as part of discontinued operations.

SG&A expense increased by \$9.0 million, or 406%, for the six months ended June 30, 2025, compared to the same period in 2024. The comparative change is primarily attributable to sales and marketing expense to support the growth of the hemp-derived THC products in addition to the SG&A expense from the Cultivation Business and Extraction Business for the six months ended June 30, 2024 being presented as part of discontinued operations.

### Research and Development

(In thousands)	Three months ended June 30,				Six months ended June 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Research and development	\$ —	\$ 185	\$ (185)	(100)%	\$ —	\$ 460	\$ (460)	(100)%

Research and development expense decreased by \$185 thousand, or 100% for the three months ended June 30, 2025, compared to the same period in 2024. The decrease is attributable to the reduction in personnel resulting from the discontinuation of Extraction Business.

Research and development expense decreased by \$460 thousand, or 100% for the six months ended June 30, 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 June 30,				Six months ended June 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Interest expense, net	\$ (291)	\$ (28)	\$ (263)	939%	\$ (290)	\$ (128)	\$ (162)	127%
Change in fair value of warrant liabilities	(115)	(1,277)	1,162	(91)%	292	(404)	696	(172)%
Other (expense) income, net	(1)	—	(1)	N/A	18	—	18	N/A
Total other (expense) income, net	<u>\$ (407)</u>	<u>\$ (1,305)</u>	<u>\$ 898</u>	<u>(69)%</u>	<u>\$ 20</u>	<u>\$ (532)</u>	<u>\$ 552</u>	<u>(104)%</u>

Interest expense, net was \$291 thousand for the three months ended June 30, 2025, compared to interest expense, net of \$28 thousand for the three months ended June 30, 2024. The change is attributable mainly to the increase of \$40.0 million principal under the Convertible Notes.

Interest expense, net was \$290 thousand for the six months ended June 30, 2025, compared to interest expense, net of \$128 thousand for the six months ended June 30, 2024. The change is attributable mainly to the increase of \$40.0 million principal under the Convertible Notes.

The change in fair value of warrant liabilities decreased by \$1.2 million, or 91% during the three months ended June 30, 2025, compared to the same period in 2024. The decrease is primarily related to the fair value remeasurement of warrants.

The change in fair value of warrant liabilities decreased by \$696 thousand, or 172% during the six months ended June 30, 2025, compared to the same period in 2024. The decrease is primarily related to the fair value remeasurement of warrants.

Other expense, net was \$1 thousand for the three months ended June 30, 2025, compared to none for the same period in 2024.

Other income, net was \$18 thousand for the six months ended June 30, 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 June 30, 2025 and June 30, 2024.

There was no income tax expense or benefit for the six months ended June 30, 2025 and June 30, 2024.

## Liquidity and Capital Resources

As of June 30, 2025, our principal sources of liquidity were cash and cash equivalents and marketable securities totaling \$41.0 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

### *Convertible Notes*

On November 5, 2024, we issued a secured convertible note (the “November 2024 Note”) to RSLGH, LLC (“RSLGH”), a subsidiary of Green Thumb. The November 2024 Note is a secured obligation and ranks senior to all of our indebtedness except for the May 2025 Notes (as defined below), which rank on parity with the November 2024 Note. The November 2024 Note will mature on November 5, 2025 and has a 10.0% annualized interest rate. The principal amount of the November 2024 Note will be payable on the maturity date. The November 2024 Note provides for advances of up to \$20 million in the aggregate, of which \$10 million was advanced upon issuance. The November 2024 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, which were issued in lieu of the cash interest that would otherwise be payable under the November 2024 Note. The number of pre-funded warrants is equal to the cash interest amount otherwise payable on the November 2024 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 November 2024 Note. On May 22, 2025, we and RSLGH entered into a second amendment to the November 2024 Note, which amended the terms to, among other things, permit RSLGH to elect, subject to any required approvals under Nasdaq listing rules, to receive pre-funded warrants in lieu of shares of Common Stock upon conversion of the November 2024 Note at a conversion price equal to the existing conversion price of \$3.158 less the \$0.001 exercise price of each pre-funded warrant.

On May 22, 2025, we issued secured convertible notes with an aggregate original principal amount of \$30.0 million (collectively the “May 2025 Notes”) to RSLGH and to certain other third-party accredited investors. The May 2025 Notes are secured obligations and rank senior to all of our indebtedness except for the November 2024 Note, which ranks on parity with the May 2025 Notes. The May 2025 Notes will mature on November 22, 2026 and accrue interest at a 10.0% annualized rate, with interest to be paid on the first calendar day of each September and March while the May 2025 Notes are outstanding, in pre-funded warrants, beginning September 1, 2025. The principal amount of the May 2025 Notes will be payable on the maturity date. The May 2025 Notes may be converted into Common Stock or, at the election of the holder, into pre-funded warrants, with a beneficial ownership limitation for RSLGH of 49.99% and a beneficial ownership limitation for other holders of 4.99%, in each case subject to applicable Nasdaq listing rules. If a holder elects to convert the May 2025 Notes into Common Stock, the conversion price per share will be \$23.53, equal to the most recent closing price of the Common Stock on the Nasdaq Capital Market at the time the May 2025 Notes were issued, subject to customary adjustments for certain corporate events. If a holder elects to convert the May 2025 Notes into pre-funded warrants, and for interest payments payable in the form of pre-funded warrants, the conversion price per pre-funded warrant will be equal to the \$23.53 conversion price less than \$0.001 exercise price of the warrant. The conversion of the May 2025 Notes into Common Stock and/or pre-funded warrants is subject to certain customary conditions and, to the extent necessary, the receipt of stockholder approval under Nasdaq listing rules.

## Cash Flows

The following table presents the major components of net cash flows from and used in operating, investing, and financing activities for the six months ended June 30, 2025 and 2024:

<b>(In thousands)</b>	<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Net cash (used in) provided by:</b>		
Operating activities	\$ (15,138)	\$ (4,816)
Investing activities	(5,075)	336
Financing activities	29,999	4,103
Net increase (decrease) in cash and cash equivalents	\$ 9,786	\$ (377)

The following discussion explains the major components contributing to the net cash flows from operating, investing, and financing activities for the six months ended June 30, 2025 and 2024, as summarized in the table above. Each section below provides details on the key drivers of the cash inflows and outflows for the respective periods.

### *Cash Flow from Operating Activities*

For the six months ended June 30, 2025, our operating cash flows included a net loss of \$9.0 million, which included \$735 thousand related to depreciation and amortization, \$1.1 million of stock-based compensation expense, \$292 thousand gain related to the change in fair value of warrant liabilities, and \$3.5 million gain on disposal of Extraction business. Net cash was decreased by changes in operating assets and liabilities of \$4.6 million.

For the six months ended June 30, 2024, we had net income of \$1.3 million, which included \$782 thousand related to depreciation and amortization, \$571 thousand of stock-based compensation expense, \$404 thousand loss related to the change in fair value of warrant liabilities, \$2.2 million gain from change in contingent consideration, and \$5.9 million gain on settlement of contingent liability. Net cash was increased by changes in operating assets and liabilities of \$782 thousand.

### *Cash Flow from Investing Activities*

For the six months ended June 30, 2025, net cash used in investing activities was \$5.1 million, which primarily resulted from the related party acquisition of MC Brands.

For the six months ended June 30, 2024, net cash provided in investing activities was \$336 thousand, which primarily resulted from \$330 thousand in proceeds from the repayment of a loan receivable.

### *Cash Flow from Financing Activities*

For the six months ended June 30, 2025, net cash provided by financing activities was \$30.0 million, which resulted from proceeds from May 2025 Notes.

For the six months ended June 30, 2024, net cash provided by financing activities was \$4.1 million, primarily driven by proceeds from the issuance of common stock and warrants of \$2.1 million and proceeds from the issuance of related party notes of 2.3 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, intangible assets, 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, we are 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 June 30, 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 June 30, 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 June 30, 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

No officers or directors, as defined in Rule 16a-1(f), adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement as defined in item 408 of Regulation S-K, during the three months ended June 30, 2025.

## Item 6. Exhibits

<b>Exhibit No.</b>	<b>Description</b>
4.1	<a href="#">Amendment and Waiver to Secured Convertible Note, dated as of May 8, 2025 (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 9, 2025).</a>
4.2	<a href="#">Pre-Funded Common Stock Purchase Warrant, dated as of May 8, 2025 (incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 9, 2025).</a>
4.3	<a href="#">Form of Pre-Funded Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 22, 2025).</a>
4.4	<a href="#">Form of Secured Convertible Note dated May 22, 2025 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 22, 2025).</a>
4.5	<a href="#">Second Amendment, dated May 22, 2025, to Secured Convertible Note issued on November 5, 2024 (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 22, 2025).</a>
10.1†	<a href="#">Purchase Agreement, dated May 20, 2025, by and between VCP IP Holdings, LLC and Agrify Corporation (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 May 22, 2025).</a>
10.2†	<a href="#">Trademark and Recipe License Agreement, dated May 20, 2025, by and between MC Brands LLC and GTI Core, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 22, 2025).</a>
10.3†	<a href="#">Trademark and Recipe License Agreement, dated May 20, 2025, by and between For Success Holding Company and Core Growth, LLC (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 22, 2025).</a>
10.4†	<a href="#">Trademark and Recipe License Agreement, dated May 20, 2025, by and between VCP IP Holdings, LLC and Core Growth, LLC (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 22, 2025).</a>
10.5†	<a href="#">Amended and Restated Shared Services Agreement, dated May 20, 2025, by and between Vision Management Services, LLC and Agrify Corporation (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 22, 2025).</a>
10.6	<a href="#">Agrify 2022 Omnibus Equity Incentive Plan, (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on April 30, 2025).</a>
10.7*†	<a href="#">Amended and Restated Purchase Agreement, dated June 30, 2025, by and between Agrify Corporation and VCP IP Holdings, LLC.</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.

† 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: August 8, 2025

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

Date: August 8, 2025

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

**AMENDED AND RESTATED PURCHASE AGREEMENT**

**By and Between**

**VCP IP HOLDINGS, LLC**

**and**

**AGRIFY CORPORATION**

Dated June 30, 2025

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## AMENDED AND RESTATED PURCHASE AGREEMENT

This AMENDED AND RESTATED PURCHASE AGREEMENT (this “**Agreement**”), dated June 30, 2025, is made by and between VCP IP HOLDINGS, LLC, a Delaware limited liability company (“**Seller**”), and AGRIFY CORPORATION, a Nevada corporation (“**Purchaser**”). Seller and Purchaser are sometimes referred to individually as a “**Party**” and together, as the “**Parties**.”

### RECITALS

A. The Parties entered into a Purchase Agreement (the “**Original Agreement**”) on May 20, 2025 (the “**Closing Date**”).

B. MC Brands LLC, a Colorado limited liability company (the “**Company**”) and its direct wholly owned subsidiary, Core Growth, LLC, a Delaware limited liability company (“**Core Growth**” and, together with the Company, the “**Acquired Companies**”), were, immediately prior to the Closing Date, engaged in the business of (i) owning Intellectual Property (as defined in Article I) and licensing it to (a) state-licensed cannabis businesses that manufacture, distribute, market, and sell cannabis and (b) businesses that manufacture, distribute, market, and sell hemp products that are compliant with the Agriculture Improvement Act of 2018 (the “**Farm Bill**”) and (ii) manufacturing, distributing, marketing, and selling hemp products that are compliant with the Farm Bill, in each case, within the United States (the “**Business**”).

C. Immediately prior to the Closing (as defined below), Seller owned 100% of the Company’s membership interests (the “**Membership Interests**”).

D. Immediately prior to the Closing, the Company owned 100% of the membership interests of Core Growth.

E. Seller desires to transfer, assign, and sell the Membership Interests to Purchaser in exchange for payment of the Purchase Price (defined herein), and Purchaser desires to accept such transfer and to pay the Purchase Price, on the terms and subject to the conditions contained in this Agreement (the “**Transaction**”).

F. The Parties consummated the Closing on the Closing Date.

G. The Parties desire to amend and restate the Original Agreement to revise the circumstances under which the Call Option and the Put Option (each as defined below) may be exercised, and to modify the transfer restriction provisions applicable to Purchaser pursuant to Section 6.8.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows.

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**Article I.**  
**DEFINITIONS.**

The following terms have the meanings specified or referred to in this Article I: “**Affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Ancillary Documents**” means the agreements, documents, instruments, or certificates delivered or required to be delivered by any party at the Closing pursuant to this Agreement.

“**Business Day(s)**” means any day on which commercial banks located in Chicago, Illinois are open for the conduct of ordinary banking business.

“**Closing Working Capital**” means: (i) the Current Assets of Core Growth, less (ii) the Current Liabilities of Core Growth, determined as of the open of business on the Closing Date, as calculated in the Closing Working Capital Statement.

“**Closing Working Capital Target**” means \$1,000.

“**Company IP Agreements**” means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, waivers, releases, permissions and other Contracts, whether written or oral, relating to material Company Intellectual Property to which any Acquired Company is a party, beneficiary or otherwise bound.

“**Company IP Registrations**” means all Company Intellectual Property that is subject to any issuance, registration or application by or with any Governmental Authority or authorized private registrar in any jurisdiction, including issued patents, registered trademarks, and copyrights, and pending applications for any of the foregoing.

“**Contract**” means any written agreement, contract, lease, consensual obligation, promise or undertaking.

“**Copyrights**” means copyrights and works of authorship, whether or not copyrightable, and all registrations, applications for registration, and renewals of any of the foregoing.

“**Current Assets**” means cash and cash equivalents, accounts receivable, inventory and prepaid expenses, but excluding deferred Tax assets, each determined in accordance with GAAP using the same accounting methods, practices, principles, policies, and procedures, with consistent classifications, judgments, and valuation and estimation methodologies that were used in the preparation of the Financial Statements for the most recent fiscal year end as if such accounts were being prepared as of a fiscal year end.

“**Current Liabilities**” means accounts payable and accrued expenses, but excluding deferred Tax liabilities and the current portion of any Indebtedness, each determined in accordance with GAAP applied using the same accounting methods, practices, principles, policies, and procedures, with consistent classifications, judgments, and valuation and estimation methodologies that were used in the preparation of the Financial Statements for the most recent fiscal year end as if such accounts were being prepared as of a fiscal year end.

“**Dollars or \$**” means the lawful currency of the United States.

“**Federal Cannabis Laws**” means federal laws of the United States that make illegal the manufacture, possession, sale, or distribution of cannabis.

“**Financial Statements**” means the unaudited balance sheets for Core Growth as of December 31, 2024 and as of March 31, 2025.

“**Flow-Through Tax Return**” means any income Tax Return (such as IRS Form 1065 and associated Schedules K-1 and corresponding state and local Tax Returns) for a Tax period ending on or before the Closing Date (not including a Straddle Period) that allocates income or Taxes to its owners and does not reflect or concern federal income Taxes that are imposed on the entity itself for which the Tax Return is filed.

“**Fraud**” means an act in the making of a specific representation or warranty expressly set forth herein, committed by the Person making such express representation or warranty, with specific intent to deceive the Person(s) to whom the representation or warranty is made hereunder, and to induce such Person(s) to enter into and perform its obligations under this Agreement and requires: (a) a false representation of material fact expressly set forth in the representations and warranties set forth in this Agreement; (b) actual knowledge that such representation is false; (c) an intention to induce the Person(s) to whom the representation or warranty is made to act or refrain from acting in reliance upon it; (d) causing the Person(s) to whom the representation or warranty is made, in justifiable reliance upon such false representation to take or refrain from taking action; and (e) causing the Person(s) to whom the representation or warranty is made to suffer material damage by reason of such reliance.

“**Governmental Order**” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“**Indebtedness**” means with respect to the Acquired Companies, all indebtedness for borrowed money.

“**Intellectual Property**” means all (a) Patents, (b) Trademarks, (c) Trade Names, (d) know-how, (e) Copyrights, inventions, (f) Trade Secrets, (g) service marks, (h) recipes, and (i) all other intellectual property rights, and, in each case, all goodwill associated therewith or related thereto, and together with all causes of action (in law or equity), claims, demands and any other rights for, or arising from any past, present or future infringement thereof. Notwithstanding the foregoing, Intellectual Property shall exclude (i) internet domain names, social media account or user names, and all associated web addresses, URLs, websites and web pages and all content and data thereon or relating thereto, whether or not Copyrights, and (ii) historic sales, production, and marketing data with respect to the Acquired Companies’ products, it being understood, in each case, that any such intellectual property related to the Acquired Companies’ products and Trademarks are owned (and shall be retained) by Green Thumb Industries Inc. or its Affiliates.

“**Liability**” means with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“**Material Adverse Effect**” means any event, occurrence, fact, condition or change that is materially adverse to (a) the business, results of operations, financial condition or assets of the Acquired Companies, or (b) the ability of Seller to consummate the transactions contemplated hereby; *provided, however*, that “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Acquired Companies operate; (iii) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Purchaser; (vi) any changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof; (vii) the announcement, pendency or completion of the transactions contemplated by this Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with the Acquired Companies; (viii) any natural or man-made disaster or acts of God; (ix) any epidemics, pandemics, disease outbreaks, or other public health emergencies; or (x) any failure by the Acquired Companies to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition) shall not be excluded); *provided further, however*, that any event, occurrence, fact, condition or change referred to in clauses (i) through (iv) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Company compared to other participants in the industries in which the Company conducts its businesses.

“**Patents**” means issued patents and patent applications (whether provisional or non- provisional), including divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and patent utility models).

“**Permits**” means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

“**Permitted Liens**” means (i) liens for current Taxes, assessments, and other governmental charges not yet due and payable and (ii) Seller Affiliate Liens (but only to the extent that such Seller Affiliate Liens will be released at or promptly following the Closing).

“**Person**” means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company or other legal entity or organization.

“**Pre-Closing Tax Period**” means any taxable period ending on or before the Closing Date and, with respect to any Straddle Period, the portion of such taxable period ending on and including the Closing Date.

“**Pre-Closing Taxes**” means any Taxes (i) of the Acquired Companies for any Pre-Closing Tax Period, allocated in the case of Straddle Periods in accordance with Section 6.6(a), (ii) for which Seller is responsible pursuant to Section 6.6(c), and (iii) of Seller or any of its Affiliates (other than the Acquired Companies) for which the Acquired Companies are liable under Treasury Regulation Section 1.1502-6 (or under any similar provision of state, local or foreign Law), which Tax relates to a Pre-Closing Tax Period. “Pre-Closing Taxes” shall not include any Taxes (A) arising from actions taken by Purchaser on the Closing Date following the Closing that are outside of the ordinary course of business or (B) arising from any breach of the covenants in this Agreement by Purchaser.

“**Proceeding**” means any claim, action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

“**Seller’s Knowledge**”, “**Knowledge of Seller**” or similar phrases as used herein means the knowledge of Anthony Georgiadis and Dominic O’Brien, after reasonable inquiry.

“**Seller Affiliate Liens**” means Liens under credit facilities of Seller’s Affiliates that are in effect as of the Closing and that have been disclosed to the Purchaser.

“**Trademarks**” means trademarks, service marks, brand marks, Trade Names, and, in each case, registrations thereof, pending applications for registration thereof, and unregistered rights (including, with respect to the Acquired Companies, those used in the Business).

“**Trade Names**” means (i) trade names, (ii) brand names and (iii) logos and all other names and slogans.

“**Trade Secrets**” means trade secrets, know-how, inventions (whether or not patentable), discoveries, improvements, technology, business and technical information, databases, data compilations and collections, tools, and other confidential and proprietary information, in each case, to the extent primarily related to the Acquired Companies’ products or services, and all rights therein. Notwithstanding the foregoing, Trade Secrets shall exclude historic sales, production, and marketing data with respect to the Acquired Companies’ products, it being understood, in each case, that any such intellectual property related to the Acquired Companies’ products and Trademarks are owned (and shall be retained) by Green Thumb Industries Inc. or its Affiliates.

**Article II.**  
**PURCHASE CONSIDERATION.**

Section 2.1 **Contribution.** At the Closing, Seller shall contribute, assign, and transfer the Membership Interests to Purchaser, free and clear of all liens, claims, options, charges, security interests, pledges, mortgages or other encumbrances (collectively, “**Liens**”), other than Permitted Liens, and Purchaser shall accept such contribution.

Section 2.2 **Purchase Price.** The aggregate purchase price for Seller’s transfer of the Membership Interests, at the Closing, shall be Five Million Seventy-Five Thousand Dollars (\$5,075,000.00), subject to the following adjustment (the “**Purchase Price**”):

(a) If (i) Closing Working Capital exceeds (ii) the Closing Working Capital Target plus \$100,000, then the Purchase Price shall be increased by such excess amount.

(b) If (i) the Closing Working Capital Target less \$100,000 exceeds (ii) Closing Working Capital, then the Purchase Price shall be reduced by such shortfall amount.

Section 2.3 **Allocation.** Following the Closing, Purchaser and Seller shall cooperate to allocate the value of the Purchase Price (and all other items treated as consideration for Tax purposes) among the assets of the Acquired Companies in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended (the “**Code**”). Any adjustments to the Purchase Price for the Membership Interests herein shall be allocated in a manner consistent with such allocation. The Parties shall file, and cause their Affiliates to file, all returns, declarations, reports, information returns and statements, attachments thereto and other documents required or permitted to be filed under the provisions of any applicable Law and relating to Taxes (including amended returns and claims for refund) (“**Tax Returns**”) in a manner consistent with such allocation except as otherwise required by a final (or similar) determination of a tax authority.

Section 2.4 **Withholding.** Notwithstanding any other provision in this Agreement, Purchaser (and any of its Affiliates or agents) shall be entitled to deduct and withhold from any payment pursuant to this Agreement such amounts as are required to be deducted and withheld under any applicable Law; provided, that Purchaser shall provide prior written notice to Seller regarding such withholding, shall reasonably cooperate with Seller to reduce or eliminate any such withholding, and shall timely remit any amount withheld to the appropriate tax authority. Such withheld or deducted amounts shall be treated for all purposes of this Agreement as having been delivered and paid to Seller or other applicable recipient of payment in respect of which such deduction and withholding was made.

**Article III.**  
**CLOSING.**

Section 3.1 **The Closing.** The closing of the transactions contemplated hereby (the “**Closing**”) shall take place on the Closing Date, by electronic transmission of documents and signatures. The Closing shall be deemed effective at 8:00 a.m. Central time on the Closing Date.

Section 3.2 Seller's Deliveries. At the Closing, Seller shall deliver to Purchaser all of the following, all in form and substance reasonably acceptable to Purchaser:

(a) Membership Interests. An assignment instrument executed by Seller, assigning the Membership Interests to Purchaser;

(b) Closing Certificate. A certificate executed by an officer or manager of Seller, certifying that (i) attached thereto are true and complete copies of any corporate or company resolutions of Seller or its Affiliates that are required in order to authorize the execution, delivery, and performance of this Agreement and the other documents and transactions contemplated hereby, and (ii) attached thereto are true and complete copies of the Acquired Companies' formation and governing documents.

(c) Good Standing Certificate. A certificate evidencing the good standing of the Company issued by the Secretary of State of Colorado and a certificate evidencing the good standing of Core Growth issued by the Secretary of State of Delaware, in each case, dated not more than seven (7) Business Days prior to the Closing Date;

(d) UCC Releases. UCC termination statements (or other appropriate evidence) releasing any Liens upon the assets of the Acquired Companies, other than Permitted Liens;

(e) Form W-9. A valid and complete IRS Form W-9, duly executed by Seller;

(f) Incredibles Trademark and Recipe License Agreement. A copy of the Trademark and Recipe License Agreement in the form attached hereto as Exhibit A (the "**Incredibles License Agreement**"), executed by GTI Core, LLC;

(g) Beboe Trademark and Recipe License Agreement. A copy of the Trademark and Recipe License Agreement in the form attached hereto as Exhibit B (the "**Beboe License Agreement**"), executed by For Success Holding Company;

(h) Working Capital Statement. A good faith estimate of (i) the Current Assets of Core Growth less the Current Liabilities of Core Growth, determined as of the open of business on the Closing Date, and (ii) any resulting adjustment to the Purchase Price pursuant to Section 2.2 (the "**Closing Working Capital Statement**").

Section 3.3 Purchaser's Deliveries. At the Closing Purchaser shall deliver to Seller the following, all in form and substance reasonably acceptable to Seller:

(a) Payment. The Purchase Price;

(b) Incredibles Trademark and Recipe License Agreement. A copy of the Incredibles License Agreement, executed by the Company;

(c) Beboe Trademark and Recipe License Agreement. A copy of the Beboe License Agreement, executed by Core Growth; and

(d) Closing Certificate. A certificate executed by an executive officer of Purchaser, certifying that attached thereto are true and complete copies of any corporate resolutions of Purchaser that are required in order to authorize the execution, delivery, and performance of this Agreement and the other documents and transactions contemplated hereby.

**Article IV.**  
**REPRESENTATIONS AND WARRANTIES OF SELLER.**

Subject to the Schedules attached hereto and incorporated herein by reference, Seller hereby represents and warrants to Purchaser as follows as of the Closing Date:

Section 4.1 Organization and Authority of Seller. Seller is a Delaware limited liability company duly organized, validly existing and in good standing under the Laws of the state of Delaware. Seller has all necessary company power and authority to enter into this Agreement and the Ancillary Documents to which it is or will be a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and the Ancillary Documents to which Seller is or will be a party, the performance by Seller of its obligations hereunder and thereunder and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite limited liability company action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by Purchaser) constitutes, and each Ancillary Document to which Seller is or will be a party when duly executed and delivered by Seller (assuming due authorization, execution and delivery by each other party thereto) will constitute, a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 4.2 Organization, Authority and Qualification of the Acquired Companies. Each of the Acquired Companies is a limited liability company duly organized, validly existing and in good standing under the Laws of its state of formation and has all necessary limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it is currently conducted. Schedule 4.2 sets forth each jurisdiction in which each Acquired Company is licensed or qualified to do business. Each of the Acquired Companies is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Material Adverse Effect.

Section 4.3 Capitalization; Subsidiaries.

(a) Seller is the record owner of and has good and valid title to the Membership Interests, free and clear of all Liens other than Permitted Liens. The Membership Interests constitute 100% of the total issued and outstanding membership interests in the Company and other than the Membership Interests there are no other issued and outstanding equity interests in the Company. The Membership Interests have been duly authorized and are validly issued, fully-paid and non-assessable.

(b) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to any membership interests in the Acquired Companies or obligating Seller or the Acquired Companies to issue or sell any membership interests (including the Membership Interests), or any other interest in, the Acquired Companies. There are no outstanding or authorized equity appreciation, profit participation, phantom equity or similar equity-based rights with respect to the Acquired Companies. Other than the formation and governing documents that have been disclosed to Purchaser, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Membership Interests or the membership interests of Core Growth.

(c) The Company does not own, or have any capital stock or other equity interests in, any other Person, other than Core Growth. The membership interests of Core Growth owned by the Company (the “**Core Membership Interests**”) constitute 100% of the total issued and outstanding membership interests in Core Growth, and other than the Core Membership Interests, there are no other issued and outstanding equity interests in Core Growth.

(d) The Membership Interests and Core Membership Interests were issued in compliance with applicable Laws, were not issued in violation of the formation and governing documents of the respective Acquired Companies or any other agreement, arrangement or commitment to which the Seller or the Acquired Companies is a party, and are not subject to or in violation of any preemptive or similar rights of any Person.

Section 4.4 No Conflicts; Consents. The execution, delivery and performance by Seller of this Agreement and the Ancillary Documents to which it is or will be a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (i) result in a violation or breach of any provision of the formation or governing documents of Seller or the Acquired Companies; (ii) result in a violation or breach of any provision of any material Law or material Governmental Order applicable to Seller or the Acquired Companies; (iii) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, or constitute a default under, any Material Contract; or (iv) result in the creation or imposition of any Lien other than a Permitted Lien on any properties or assets of any Acquired Company, except in the cases of clauses (iii) and (iv), where the violation, breach, conflict, default or failure to give notice or obtain consent would not have a Material Adverse Effect. No consent, approval, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Seller or the Acquired Companies in connection with the execution and delivery of this Agreement and the Ancillary Documents to which Seller is or will be a party and the consummation of the transactions contemplated hereby and thereby, except where the failure to obtain or make such consents, approvals, declarations, filings or notices would not have, in the aggregate, a Material Adverse Effect. Notwithstanding the foregoing, the Parties acknowledge and agree the consummation of the transactions contemplated hereby may require that Seller’s parent company make certain disclosures with the Securities and Exchange Commission (“SEC”) and other securities regulators.

Section 4.5 Books and Records; Financial Statements. The Acquired Companies' books and records ("Books and Records") that have been disclosed to Purchaser are true and complete in all material respects and have been maintained in accordance with sound business practices. Seller has delivered to Purchaser complete and correct copies of the Financial Statements. The Financial Statements were prepared in accordance with GAAP, are consistent with the accounting records of Core Growth, and fairly present the financial position of Core Growth as of the dates thereof. The Company does not have any Current Assets or Current Liabilities.

Section 4.6 Indebtedness; Liabilities. The Acquired Companies have no Indebtedness and, as of the Closing, will have no outstanding Current Liabilities.

Section 4.7 Accounts; Cash and Cash Equivalents. Except as set forth on Schedule 4.7, the Acquired Companies have no bank accounts, investment accounts, cash, or cash equivalents.

Section 4.8 Tangible Personal Property; Real Property. Except as set forth on Schedule 4.8, the Acquired Companies do not own or lease any tangible personal property or real property. With respect to all leased real property of the Acquired Companies, (i) such lease is valid, binding and enforceable and in full force and effect, (ii) the applicable Acquired Company is not in breach or default under such lease, and no event has occurred that, with the delivery of notice, passage of time or both, would constitute such a breach or default, and the applicable Acquired Company has paid all rent due and payable under such lease; (iii) the applicable Acquired Company has not received nor given any notice of any default or event that, with notice or lapse of time or both, would constitute a default by the applicable Acquired Company under any such lease, and to Seller's Knowledge no other party is in default thereof or has exercised any termination rights with respect thereto; and (iv) the applicable Acquired Company has not pledged, mortgaged, or otherwise granted a Lien on its leasehold interest in any leased real property.

Section 4.9 Absence of Certain Changes or Events.

(a) Material Adverse Effects. Since December 31, 2024, there has not been any development or threatened development of a nature that has or, to Seller's Knowledge, would reasonably be expected to result in a Material Adverse Effect.

(b) Certain Events. Except as otherwise set forth on Schedule 4.9(b), since December 31, 2024, the Acquired Companies have conducted the Business only in a commercially reasonable ordinary course manner and has acted reasonably and in good faith to maintain and enhance the Business and, without limiting the foregoing, the Acquired Companies have not:

1. created or suffered to exist any Liens, other than Permitted Liens, or restrictions with respect to any of their equity interests or assets, whether tangible or intangible, or incurred, assumed or guaranteed any Indebtedness;

2. sold, leased to others, licensed to others or transferred any of the Acquired Companies' assets or properties, except in the ordinary course of the Business;
3. suffered any material loss, or material interruption in use, of any material asset;
4. waived any rights related to the Business or arising under or in connection with any of the Acquired Companies' material assets, except in the ordinary course of the Business;
5. (i) made, changed or revoked any Tax election, (ii) settled or compromised any Tax Liability, (iii) changed an annual accounting period or changed (or made a request to any tax authority to change) any aspect of its method of accounting for Tax purposes, (iv) consented to any extension or waiver of the limitation period applicable to any Tax claim or assessment, (v) entered into any Tax sharing, closing, or similar agreement in respect of any Taxes, or (vi) obtained or requested any Tax ruling, in each case, with respect to the Acquired Companies;
6. acquired any assets or properties in connection with the Business other than in the ordinary course of the Business;
7. abandoned or failed to maintain in full force and effect any Company Intellectual Property, except where such abandonments or failures would not be expected to have a Material Adverse Effect; or
8. materially amended its formation or governing documents;

Section 4.10 Contracts. Schedule 4.10 lists each of the following Contracts (collectively, the “**Material Contracts**”):

(a) each agreement of the Acquired Companies involving aggregate consideration in excess of \$250,000 or requiring performance by any party more than one year from the Closing Date, which, in each case, cannot be cancelled by the applicable Acquired Company without material penalty or without more than 90 days' prior notice;

(b) all agreements that relate to the sale of any of the Acquired Companies' assets, other than in the ordinary course of the Business;

(c) all agreements that relate to the acquisition of any business, a material amount of equity or assets of any other Person or any real property (whether by merger, sale of stock or other equity interests, sale of assets or otherwise);

(d) except for agreements relating to trade payables, all agreements relating to Indebtedness (including, without limitation, guarantees) of the Acquired Companies;

(e) all agreements between or among an Acquired Company on the one hand and Seller or any Affiliate of Seller (other than an Acquired Company) on the other hand;

(f) all collective bargaining agreements or agreements with any labor organization, union or association to which an Acquired Company is a party;

(g) all agreements that require an Acquired Company to purchase its total requirements of any product or service from a third party or that contain "take or pay" provisions;

(h) all agreements, other than those entered into in the ordinary course of business, that provide for the indemnification by an Acquired Company of any Person or the assumption of any Tax, environmental or other Liability of any Person; and

(i) all agreements that limit or purport to limit the ability of an Acquired Company to compete in any line of business or with any Person or in any geographic area or during any period of time.

All of the Material Contracts are valid and binding upon the applicable Acquired Company and enforceable against the other parties thereto in accordance with their respective terms. The Acquired Companies are not in breach of any of the Material Contracts and, to Seller's Knowledge (i) no other party to a Material Contract is in default thereunder and (ii) no condition exists which, with notice or lapse of time or both, would constitute a default by the Acquired Companies, or by any other party thereunder. The Acquired Companies have not provided or received any notice of any intention to terminate any Material Contract, and there are no disputes pending or to Seller's Knowledge, threatened under any Material Contract.

#### Section 4.11 Compliance with Laws; Permits.

(a) Except with respect to the application of Federal Cannabis Laws to the activities of the Acquired Companies' respective businesses prior to the Closing, the Acquired Companies are not, as of the Closing, in any material respect, in violation of any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law (each a "**Law**") of any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction (each a "**Governmental Authority**").

(b) All Permits required for each Acquired Company to conduct its business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the Closing Date have been paid in full. The Company has complied and is now complying with the terms of all applicable Permits. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit of either Acquired Company.

Section 4.12 Taxes.

(a) All Tax Returns required to have been filed by the Acquired Companies have been timely filed (taking into account any valid extension of time within which to file), and all such Tax Returns are true, correct and complete in all material respects. All Taxes due and payable by the Acquired Companies have been timely paid in full (whether or not shown or required to be shown on any Tax Return) to the appropriate taxing authority. "Taxes" shall mean all taxes with respect to net income, capital gains, gross income, gross receipts, sales, use, transfer, ad valorem, franchise, profits, license, capital, withholding, payroll, employment, excise, goods and services, severance, stamp, occupation, premium, property, assessments, or other taxes or governmental charges of any kind whatsoever, together with any interest, fines and any penalties, additions to tax or additional amounts incurred or accrued under applicable Law, or assessed, charged or imposed by any Governmental Authority.

(b) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Acquired Companies. The Acquired Companies are not involved in nor is the subject of any dispute relating to Taxes, and has not received notice or threat of any pending audit or notice of deficiency from the IRS or any other tax authority. There are no unsatisfied liabilities for Taxes (including liabilities for interest, additions to Tax and penalties thereon and related expenses) with respect to any written notice of deficiency or similar document received by the Acquired Companies with respect to any Tax. The Acquired Companies have not received from any governmental entity in a jurisdiction where an Acquired Company has not filed any Tax Returns any written claim that an Acquired Company is subject to taxation by that jurisdiction, which claim has not been fully resolved. There are no liens for Taxes upon any assets of the Acquired Companies except for statutory liens for current Taxes that are not yet due and payable.

(c) All Taxes that the Acquired Companies have been required by law to deduct, withhold or to collect for payment have been duly and timely deducted, withheld and collected, and have been paid over to the appropriate tax authority in compliance with all applicable Law with respect to payments made to any current or former employee, independent contractor, other service provider, creditor, shareholder, customer, vendor, supplier, or other third party, and the Acquired Companies have timely complied in all material respects with all information reporting and withholding requirements under all applicable Law, including maintenance of required records with respect thereto.

(d) No closing agreements, private letter rulings, technical advice memoranda, advance pricing agreement, consent to an extension of time to make an election, consent to a change a method of accounting or other similar agreements or rulings relating to Taxes have been entered into or issued by any Tax authority with or in respect of the Acquired Companies. The Acquired Companies do not have a power of attorney with respect to any Tax that is in force as of the Closing Date.

(e) The Acquired Companies have collected and properly remitted all sales, use, value-added, goods and services and other similar Taxes required to have been collected and remitted with respect to sales or leases made or services provided by the Acquired Companies, and for all sales, leases, or provisions of services that are exempt from such Taxes and that were made without charging or remitting such Taxes, the Acquired Companies have received and retained any appropriate Tax exemption certificates and other documentations qualifying such sales, leases, or provision of services as exempt.

(f) The Acquired Companies are not, and have not been, a party to, or a promoter of, a “reportable transaction” within the meaning of Treasury Regulations Section 1.6011-4(b).

(g) None of the assets of the Acquired Companies are (i) tax-exempt use property within the meaning of Section 168(h) of the Code, (ii) subject to Section 168(g)(1)(A) of the Code, or (iii) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code.

#### Section 4.13 Products.

(a) Products Liability. There are no pending or, to Seller’s Knowledge, threatened Proceedings that involve any product alleged to have been processed, manufactured, marketed, or sold by the Acquired Companies (including any product alleged to have borne any of the Acquired Company’s Trademarks or to have been processed, manufactured, marketed, or sold by third parties at an Acquired Company’s direction or pursuant to any contracts or other agreements to which any such third party and an Acquired Company are parties) (“**Products**”), including any such Proceedings pursuant to which any Products are alleged to have been defective, or improperly processed, manufactured or labeled; nor is there any valid basis for any such Proceeding.

(b) Product Warranty. Each Product produced in connection with the Business has been produced and delivered in material conformance with all contractual commitments, and the Acquired Companies has no Liability (and there is no basis for any present or future Proceeding against the Acquired Companies giving rise to any Liability) for replacement thereof. Except as set forth on Schedule 4.13, and except for standard commercial product warranties and indemnities provided in the ordinary course of business, none of the Products produced in connection with the Business are subject to any extended and non-standard guaranty, warranty, or other indemnity.

(c) Inventory. All inventory of the Acquired Companies consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by the Acquired Companies free and clear of all Liens (other than Permitted Liens), and no inventory is held on a consignment basis.

(d) Title. The Acquired Companies have good and valid title to all personal property and other assets constituting the Business, other than assets sold or otherwise disposed of in the ordinary course of business consistent with past practice. All such assets are free and clear of Liens except for Permitted Liens.

Section 4.14 Intellectual Property.

(a) Set forth on Schedule 4.14 is a true and complete list of all Patents, registered Trademarks, and registered copyrights owned by the Acquired Companies (the “**Company Intellectual Property**”), listing, as applicable, (i) the name of the applicant or registrant and current owner; (ii) date of application or issuance; (iii) the jurisdiction where the application or registration is located; and (iv) the application or registration number. Schedule 4.14 also sets forth a correct, current and complete list of all Company IP Agreements (i) under which any Acquired Company is a licensor or otherwise grants to any Person any right or interest relating to any Company Intellectual Property; (ii) under which any Acquired Company is a licensee or otherwise granted any right or interest relating to the Intellectual Property of any Person; and (iii) which otherwise relate to the Acquired Companies’ ownership or use of Intellectual Property.

(b) Each Acquired Company is the sole and exclusive legal and beneficial, and with respect to the Company IP Registrations, record, owner of all right, title and interest in and to the Company Intellectual Property listed next to such Acquired Company’s name on Schedule 4.14, and has the valid and enforceable right to use all other Intellectual Property used or held for use in or necessary for the conduct of the Business, in each case, free and clear of Liens other than Permitted Liens. All assignments and other instruments necessary to establish, record, and perfect the Acquired Companies’ ownership interest in the Company IP Registrations have been validly executed, delivered, and filed with the relevant Governmental Authorities and authorized registrars.

(c) Neither the execution, delivery or performance of this Agreement, nor the consummation of the transactions contemplated hereunder, will result in the loss or impairment of, or require the consent of any other Person in respect of, the Acquired Companies’ right to own or use any Company Intellectual Property.

(d) Except as set forth on Schedule 4.14, all of the Company Intellectual Property is valid and enforceable, and all Company IP Registrations are subsisting and in full force and effect. Except as set forth on Schedule 4.14, the Acquired Companies have taken all reasonable steps to maintain and enforce the Company Intellectual Property to preserve the confidentiality of all Trade Secrets included in the Company Intellectual Property. Except as set forth on Schedule 4.14, all required filings and fees related to the Company IP Registrations have been timely submitted with and paid to the relevant Governmental Authorities and authorized registrars.

(e) To Seller’s Knowledge, the conduct of the Business as currently and formerly conducted, including the use of the Company Intellectual Property in connection therewith, and the products, processes and services of the Acquired Companies have not materially infringed, misappropriated or otherwise violated the Intellectual Property or other rights of any Person. To Seller’s Knowledge, no Person has materially infringed, misappropriated or otherwise violated any Company Intellectual Property.

(f) There are no material actions (including any opposition, cancellation, revocation, review or other proceeding), whether settled, pending or to Seller's Knowledge, threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation or other violation by any Acquired Company of the Intellectual Property of any Person; (ii) challenging the validity, enforceability, registrability, patentability or ownership of any Company Intellectual Property or the Acquired Companies' respective right, title, or interest in or to any Company Intellectual Property; or (iii) by any Acquired Company alleging any infringement, misappropriation, or other violation by any Person of the Company Intellectual Property. Except as set forth on Schedule 4.14, to the Seller's Knowledge, there are no facts or circumstances that could reasonably be expected to give rise to any such action.

Section 4.15 Litigation. There are no Proceedings pending or, to Seller's Knowledge, threatened against the Acquired Companies or affecting any of their respective properties or assets. To Seller's Knowledge, no event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Proceeding.

Section 4.16 Labor and Employee Matters. The Acquired Companies have no employees. Each individual who is or has been classified by either Acquired Company as an independent contractor has been properly classified under applicable Law.

Section 4.17 Brokers. No agent, broker, investment banker, financial advisor or other Person is or will be entitled to any brokerage commission, finder's fee or like payment in connection with the Transaction based upon such arrangements made by or on behalf of Seller.

Section 4.18 No Other Representations and Warranties. Except for the representations and warranties contained in this **Error! Bookmark not defined.** Article IV (including the related portions of the Schedules), none of Seller, the Acquired Companies or any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Seller or the Acquired Companies, including any representation or warranty as to the accuracy or completeness of any information regarding the Acquired Companies furnished or made available to Purchaser and its representatives.

**Article V.**  
**REPRESENTATIONS AND WARRANTIES OF PURCHASER.**

Purchaser hereby represents and warrants to Seller as follows as of the Closing Date:

Section 5.1 Organization and Authority of Purchaser. Purchaser is a corporation duly organized, validly existing and in good standing under the Laws of the state of Nevada. Purchaser has all necessary corporate power and authority to enter into this Agreement and the Ancillary Documents to which Purchaser is or will be a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Purchaser of this Agreement and the Ancillary Documents to which Purchaser is or will be a party, the performance by Purchaser of its obligations hereunder and thereunder and the consummation by Purchaser of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser, and (assuming due authorization, execution and delivery by Seller) constitutes, and each Ancillary Document to which Purchaser is or will be a party when duly executed and delivered by Purchaser (assuming due authorization, execution and delivery by each other party thereto) will constitute, a legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 5.2 No Conflicts; Consents. The execution, delivery and performance by Purchaser of this Agreement and the Ancillary Documents to which it is or will be a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (i) result in a violation or breach of any provision of the formation or governing documents of Purchaser; (ii) result in a violation or breach of any provision of any material Law or Governmental Order applicable to Purchaser; or (iii) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, or constitute a default under, any agreement to which Purchaser is a party, except in the cases of clause (iii), where the violation, breach, conflict, default or failure to give notice or obtain consent would not have a material adverse effect on Purchaser's ability to consummate the transactions contemplated hereby. No consent, approval, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Purchaser in connection with the execution and delivery of this Agreement and the Ancillary Documents to which it is or will be party and the consummation of the transactions contemplated hereby and thereby, except where the failure to obtain or make such consents, approvals, declarations, filings or notices would not have a material adverse effect on Purchaser's ability to consummate the transactions contemplated hereby and thereby. Notwithstanding the foregoing, the Parties acknowledge and agree the consummation of the transactions contemplated hereby may require that Purchaser make certain disclosures with the SEC and other securities regulators.

Section 5.3 Investment Purpose. Purchaser is acquiring the Membership Interests solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Purchaser acknowledges that the Membership Interests are not registered under the Securities Act or any state securities laws, and that the Membership Interests may not be transferred or sold except pursuant to the registration provisions of the Securities Act or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable. Purchaser is able to bear the economic risk of holding the Membership Interests for an indefinite period (including total loss of its investment), and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

Section 5.4 Absence of Proceedings. No action or proceeding has been instituted against Purchaser before any Governmental Authority (i) seeking to restrain or prohibit the execution and delivery of this Agreement or the consummation of the Transaction, or (ii) that would, if decided adversely to Purchaser, have a material adverse effect on Purchaser's ability to perform its obligations under this Agreement.

Section 5.5 Brokers. Neither Purchaser nor any of its officers, directors or employees has made any agreement or taken any other action that might cause Seller to become liable for any brokerage fees, commissions or finders' fees in connection with the Transaction.

Section 5.6 SEC Reports; Financial Statements. Purchaser has filed or furnished, as applicable, all forms, reports, schedules, and other statements required to be filed or furnished by it with the SEC under the Securities Exchange Act or the Securities Act since January 1, 2024 (collectively, the "**Purchaser SEC Reports**"). As of its respective date, and, if amended, as of the date of the last such amendment, each Purchaser SEC Report complied in all material respects with the applicable requirements of the Securities Act and the Securities Exchange Act and any rules and regulations promulgated thereunder applicable to the Purchaser SEC Report. As of its respective date, and, if amended, as of the date of the last such amendment, no Purchaser SEC Report contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading. As of the Closing Date, there are no outstanding or unresolved comments from any comment letters received by Purchaser from the SEC relating to reports, statements, schedules, registration statements or other filings made by Purchaser with the SEC.

Section 5.7 Independent Investigation.

(a) Purchaser has conducted its own independent investigation, review and analysis of the business, results of operations, prospects, condition (financial or otherwise) or assets of the Acquired Companies, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of Seller and the Acquired Companies for such purpose.

(b) Purchaser acknowledges that (i) none of Seller, the Acquired Companies, nor any other Person on behalf of Seller or the Acquired Companies has made any representation or warranty, expressed or implied, as to the Acquired Companies or the Membership Interests, or the accuracy or completeness of any information regarding the Acquired Companies or the Membership Interests furnished or made available to Seller and its representatives, or any other matter related to the transactions contemplated herein, other than those representations and warranties expressly set forth in **Error! Bookmark not defined.**this Agreement (including the related portions of the Schedules), (ii) in determining to enter into this Agreement, Purchaser has not relied on any representation or warranty from Seller, the Acquired Companies or any other Person on behalf of Seller or the Acquired Companies, or upon the accuracy or completeness of any information regarding the Acquired Companies or the Membership Interests furnished or made available to Purchaser and its representatives, other than those representations and warranties expressly set forth in this Agreement (including the related portions of the Schedules), and (iii) none of Seller, the Acquired Companies or any other Person acting on behalf of Seller or the Acquired Companies shall have any liability to Purchaser or any other Person with respect to any projections, forecasts, estimates, plans, or budgets of future revenue, expenses, or expenditures, future results of operations, future cash flows, or the future financial condition of the Acquired Companies or the future business, operations, or affairs of the Acquired Companies.

Section 5.8 No Other Representations and Warranties. Except for the representations and warranties contained in this **Error! Bookmark not defined.**Article V, none of the Purchaser or any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of the Purchaser, including any representation or warranty as to the accuracy or completeness of any information regarding the Purchaser furnished or made available to the Seller and its representatives.

**Article VI.**  
**COVENANTS; REPURCHASE RIGHTS.**

Section 6.1 Public Announcements. Seller and Purchaser shall not issue or make any press release or other public statements with respect to the transactions contemplated hereunder without the other Party's prior written consent.

Section 6.2 Further Assurances; Release of Liens.

(a) Following the Closing, each Party shall, and shall cause its Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances, and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

(b) Following the Closing, the Seller shall, and shall cause its Affiliates to, execute and deliver such additional documents, instruments and assurances, and take such further actions as may be reasonably required to obtain a full and unconditional release of the Seller Affiliate Liens, which release shall be obtained within ninety (90) calendar days of the Closing and shall not require any payment or other consideration from the Purchaser.

Section 6.3 Governmental Authority Concerns. The Parties agree that if any Governmental Authority raises concerns regarding any aspect of the transactions contemplated in this Agreement, the Parties will work together in good faith for a period of up to 30 days (or such longer period as the Parties may mutually agree) to address and resolve such concerns.

Section 6.4 Access to and Preservation of Information and Records. For a period of five (5) years following the Closing Date, each of Purchaser and Seller shall preserve any books and records relating to the Business and shall provide to the other Party reasonable access to such books and records and to their respective employees and agents as the other Party shall reasonably request for purposes of preparing Tax Returns required to be filed by such Party, and responding to audits thereof, or as otherwise needed by such Party with respect to matters related to the Business. Each Party shall also provide the other Party such information related to the Acquired Companies or the Business as such other Party shall reasonably request for such purposes.

Section 6.5 Payment of Pre-Closing Liabilities; Incorrect Payments. Notwithstanding anything to the contrary herein, the Parties agree that (i) Purchaser shall be solely responsible for satisfying any pre-Closing payables of the Acquired Companies that remain outstanding as of the Closing, and (ii) while Purchaser shall be entitled to receive funds payable into the Acquired Companies' bank accounts with respect to receivables that were included as Current Assets in the calculation of Closing Working Capital, to the extent that either Acquired Company receives post-Closing payments that were not included as Current Assets in the calculation of Closing Working Capital and that ought to have been made to Seller or its Affiliates, then, to the extent the amount of such payments exceeds \$1,000.00, the Purchaser shall cause the Acquired Companies to pay the amount of such excess to Seller or its designee.

Section 6.6 Tax Matters.

(a) The amount of personal property, real property and ad valorem (and other similar) Taxes of the Acquired Companies for any Tax period beginning on or before the Closing Date and ending after the Closing Date (a “**Straddle Period**”) that is attributable to the portion of such Tax period ending on and including the Closing Date shall be deemed to be the amount of such Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days in the Tax period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period. The amount of any other Taxes of the Acquired Companies that relate to the pre-Closing portion of a Straddle Period will be determined based on an interim closing of the books as of the end of the Closing Date; provided, however, that any item determined on an annual or periodic basis (such as deductions for depreciation or real estate Taxes) shall be apportioned on a daily basis.

(b) Seller shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns of any combined, consolidated, affiliated or unitary group that includes an Acquired Company and for which Seller or any of its Affiliates (other than the Company) is the common parent (a “**Seller Consolidated Group**” and any such Tax Return, a “**Seller Consolidated Return**”), and all Flow-Through Tax Returns of the Acquired Companies required to be filed for taxable periods ending on or prior to the Closing Date that become due after the Closing Date (each an “**Seller Tax Return**”). All Seller Tax Returns shall be prepared in accordance with the past practices of the Acquired Companies except as otherwise required by Law. Except as provided above for Seller Tax Returns, Purchaser shall prepare and timely file, or cause to be prepared and timely filed all Tax Returns required to be filed by the Acquired Companies after the Closing Date with respect to a Pre-Closing Tax Period. Any such Tax Return shall be prepared in accordance with the past practices of the Acquired Companies except as otherwise required by Law.

(c) Notwithstanding anything in this Agreement to the contrary, all Tax Returns with respect to any transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with, or as a result of, the Transaction (including any real property transfer Tax and any other similar Tax) (the “**Transfer Taxes**”) incurred in connection with or as a consequence of the Transaction shall be timely filed by the Party hereto responsible for such filing under applicable Law, and all such Transfer Taxes (and all reasonable out-of-pocket costs for preparation of such Tax Returns) shall be borne by the Seller. Purchaser and Seller shall reasonably cooperate to reduce or eliminate any Transfer Taxes to the extent permitted by applicable Law.

(d) The Parties agree to utilize, or cause their respective Affiliates to utilize, the “standard procedure” set forth in Section 4 of Revenue Procedure 2004-53, 2004-2 C.B. 320 for wage reporting with respect to any transferring Business employees.

(e) Purchaser shall promptly notify Seller in writing upon receipt by Purchaser or any of its Affiliates of notice of any pending or threatened Tax audits, examinations or assessments which, if successful, is reasonably expected to result in an indemnity payment pursuant to Section 8.2 (a “**Tax Claim**”). Notwithstanding anything to the contrary in this Agreement, Seller shall have the right to control any Tax Claim relating to (A) any Tax Return of Seller or any of its Affiliates (other than solely the Acquired Companies), (B) any Flow-Through Tax Return (in respect of periods ending on or prior to the Closing Date), and (C) any Tax Return of any Seller Consolidated Group (including any Seller Consolidated Return). If Seller chooses not to control such Tax Claim, Purchaser may defend the same in such manner as it may deem appropriate. The Party hereto controlling a Tax Claim shall in any event keep the other Party hereto informed of the progress of such Tax Claim, shall promptly provide such other Party with copies of all material documents (including material notices, protests, briefs, written rulings and determinations and correspondence) pertaining to such Tax Claim and shall not settle such Tax Claim without such other Party’s advance written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(f) The parties acknowledge and agree that the transactions contemplated by this Agreement shall be treated for all U.S. federal income tax purposes and, as may be applicable, for state and local income tax purposes, as a sale of all the assets of the Acquired Companies in the case of Seller and as a purchase of all the assets of the Acquired Companies in the case of Purchaser. The Parties shall file, and cause their Affiliates to file, all Tax Returns in a manner consistent with such treatment and will take no position inconsistent with such characterization for any income tax purposes.

(g) After the Closing, Purchaser and the Acquired Companies shall not, and shall cause their Affiliates not to, without the prior written consent of Seller (which consent shall not be unreasonably withheld, conditioned or delayed), (i) make or change any Tax election that has a retroactive effect to a Pre-Closing Tax Period, or (ii) amend, refile or otherwise modify any Tax Return relating to a Pre-Closing Tax Period.

(h) Any Tax refund or credit or offset in lieu thereof (including any interest paid or credited by a taxing authority with respect thereto) of the Acquired Companies with respect to a Pre-Closing Tax Period or for which Seller would otherwise be responsible pursuant to this Agreement (a “**Tax Refund**”) shall be for the sole benefit of Seller, provided that Seller shall not be entitled to any refund of Taxes to the extent such refund is attributable to the carryback of losses solely arising in or attributable to any period that is not a Pre-Closing Tax Period. To the extent that Purchaser or any of its Affiliates (including the Acquired Companies after the Closing) receives any Tax Refund, Purchaser shall promptly pay to Seller such Tax Refund after such receipt.

Section 6.7 Repurchase Rights.

(a) Grant of Call Option.

1. The Purchaser hereby grants to Seller an option to repurchase the Acquired Companies (such option, the “**Call Option**”), at a purchase price equal to (i) the Purchase Price plus an amount of simple interest on such Purchase Price equal to 10% per annum based on the number of days elapsed between the Closing and the date Seller delivers the Call Option Exercise Notice (defined below) and assuming a 365-day year if the Call Option Exercise Notice is delivered on or prior to the 24-month anniversary of the Closing or (ii) at a purchase price agreed upon by Purchaser and Seller or, if they cannot agree, the midway point of the valuation range determined by a third-party appraisal company jointly selected by the parties if the Call Option Exercise Notice is delivered after the 24-month anniversary of the Closing (the “**Option Purchase Price**”). The Call Option may only be exercised upon an event outside the Seller’s and Purchaser’s control which (i) could reasonably be expected to have a material and adverse impact on the standing of the Purchaser on its primary exchange or (ii) upon a ban of consumable hemp-derived THC products. This Call Option will expire on the five (5) year anniversary of the Closing unless duly exercised by the Seller prior to such date.
2. To exercise the Call Option, the Seller must deliver a written notice to the Purchaser prior to the Five (5) year anniversary of the Closing referencing this Section 6.7 and stating its intention to exercise the Call Option (the “**Call Option Exercise Notice**”) on the date that is five (5) business days following the date of the Call Option Exercise Notice or such date as may be mutually agreed to by the Seller and the Purchaser. The aggregate Option Purchase Price (as determined in accordance with Section 6.7(a)(1)) shall be paid by the Seller to the Purchaser pursuant to a wire transfer of immediately available funds to an account designated in writing to the Seller by the Purchaser upon the closing of Seller’s repurchase of the Acquired Companies.

(b) Grant of Put Option.

1. The Seller hereby grants to Purchaser an option to require the Seller to repurchase the Acquired Companies (such option, the “**Put Option**”), at a purchase price equal to the Option Purchase Price (treating a Put Option Exercise Notice as a Call Option Exercise Notice for purposes of calculating the Option Purchase Price), if the Seller Affiliate Liens are not fully released from the Acquired Companies and their assets within 90 days following Closing (or such longer timeframe if otherwise extended upon mutual agreement of the Parties)(a “**Put Option Trigger Event**”). The Put Option will expire on the five (5) year anniversary of the Closing unless duly exercised by the Seller prior to such date.

2. To exercise the Put Option, the Purchaser must deliver a written notice to the Seller within ninety (90) days of a Put Option Trigger Event, which notice shall reference this Section 6.7 and state the Purchaser's intention to exercise the Put Option (the "**Put Option Exercise Notice**") on the date that is five (5) business days following the date of the Put Option Exercise Notice or such date as may be mutually agreed to by the Seller and the Purchaser. The aggregate Option Purchase Price (as determined in accordance with Section 6.7(a)(i)) shall be paid by the Seller to the Purchaser pursuant to a wire transfer of immediately available funds to an account designated in writing to the Seller by the Purchaser upon the closing of Seller's repurchase of the Acquired Companies.

(c) Actions.

1. To the extent that either of the Put Option or the Call Option is exercised, the Purchaser shall take all actions as may be reasonably necessary to consummate the repurchase by the Seller of the Acquired Companies and the assets held by the Acquired Companies at the Closing free and clear of all liens, claims, options, charges, security interests, pledges, mortgages or other encumbrances, including, without limitation, entering into agreements and delivering certificates and instruments and consents as may be necessary or appropriate (which definitive documents shall contain representations and warranties, purchase price adjustment provisions, and indemnification provisions that are, in each case, substantially identical to those contained herein). To the extent any assets of the Acquired Companies at the time of Closing are transferred to an affiliate of the Purchaser following Closing, then, in connection with the exercise of any Put Option or Call Option, the Purchaser shall take all actions as may be reasonably necessary to transfer such assets to the Acquired Companies prior the consummation of the repurchase.

Section 6.8 Restrictions on Transfer; Right of First Offer; Right of First Refusal.

(a) Transfer Restriction.

1. The Purchaser hereby agrees that, for a period beginning at the Closing and ending on the five (5) year anniversary thereof, without the prior written notice to Seller along with compliance with the terms and conditions of Sections 6.8(b) and 6.8(c), neither the Purchaser nor its Affiliates shall, directly or indirectly, sell, pledge, sublicense, transfer, abandon, or otherwise dispose of any of the membership interests or material assets of the Acquired Companies (such prohibited transfers being referred to collectively as "**Transfers**"). The Transfer restrictions set forth in this Section 6.8(a) are designed solely to prevent Transfer of the membership interests or material assets of the Acquired Companies to a competitor or to a less creditworthy, or otherwise less qualified, party in the event such party is not the only potential purchaser of the membership interests or material assets of the Acquired Companies. The Transfer restrictions set forth in this Section 6.8(a) are not intended to constrain the Purchaser from recognizing its economic interests in the Acquired Companies.

(b) Right of First Offer.

1. On or after the Closing (the “**ROFO Period**”), the Purchaser shall not solicit offers to enter into any agreement or consummate any transaction relating to a Transfer with any Person that is not the Seller or its Affiliates (a “**Third Party Transaction**”) except in compliance with the terms and conditions of this Section 6.8(b).
2. If, at any time during the ROFO Period, the Purchaser decides to pursue a Third Party Transaction, the Purchaser shall, prior to soliciting any offers with respect to a Third Party Transaction, deliver to the Seller a written offer (the “**ROFO Offer Notice**”) outlining the material financial and other terms and conditions under which the Purchaser would like to effect a Third Party Transaction (the “**ROFO Material Terms**”). Each ROFO Offer Notice constitutes an offer made by the Purchaser to enter into an agreement with the Seller or its Affiliates subject to the ROFO Material Terms (the “**ROFO Offer**”).
3. At any time prior to the expiration of the thirty (30) day period following Seller’s receipt of the ROFO Offer Notice (the “**ROFO Exercise Period**”), the Seller may accept the ROFO Offer by delivery to the Purchaser of a written notice of acceptance executed by the Seller.
4. If, by the expiration of the ROFO Exercise Period, the Seller has not accepted the ROFO Offer, and provided that the Purchaser has materially complied with all of the provisions of this Section 6.8(b), at any time following the expiration of the ROFO Exercise Period, the Purchaser may solicit offers with respect to a Third Party Transaction (subject to the Purchaser’s compliance with Section 6.8(c)). If a Third Party Transaction is not consummated within 180 days of the ROFO Offer Notice, the terms and conditions of this Section 6.8(b) will again apply and the Purchaser shall not solicit offers with respect to a Third Party Transaction during the ROFO Period without affording the Seller the right of first offer on the terms and conditions of this Section 6.8(b).

(c) Right of First Refusal.

1. On or after the Closing (the “**ROFR Period**”), the Purchaser shall not enter into any agreement to, or consummate, any Third Party Transaction except in compliance with the terms and conditions of this Section 6.8(c).
2. If, at any time during the ROFR Period, the Purchaser receives a bona fide written offer for a Third Party Transaction that the Purchaser desires to accept (each, a “**Third Party Offer**”), the Purchaser shall, within five (5) business days following the receipt of the Third Party Offer, notify the Seller in writing (the “**ROFR Offer Notice**”) of the identity of all proposed parties to such Third Party Transaction and the material financial and other terms and conditions of such Third Party Offer (the “**ROFR Material Terms**”). Each ROFR Offer Notice constitutes an offer made by the Purchaser to enter into an agreement with the Seller or its Affiliates on the same ROFR Material Terms of such Third Party Offer (the “**ROFR Offer**”).
3. At any time prior to the expiration of the thirty (30) day period following Seller’s receipt of the ROFR Offer Notice (the “**ROFR Exercise Period**”), the Seller may accept the ROFR Offer by delivery to the Purchaser of a written notice of acceptance executed by the Seller.
4. If, by the expiration of the ROFR Exercise Period, the Seller has not accepted the ROFR Offer, and provided that the Purchaser has materially complied with all of the provisions of this Section 6.8(c), at any time following the expiration of the ROFR Exercise Period, the Purchaser may consummate the Third Party Transaction with the counterparty identified in the applicable ROFR Offer Notice on ROFR Material Terms that are the same or more favorable to the Purchaser as the Material Terms set forth in the ROFR Offer Notice. If such Third Party Transaction is not consummated within 180 days of the Offer Notice, the terms and conditions of this Section 6.8(c) will again apply and the Purchaser shall not enter into any Third Party Transaction during the ROFR Period without affording the Seller the right of first refusal on the terms and conditions of this Section 6.8(c).
5. For the avoidance of doubt, the terms and conditions of this Section 6.8(c) apply to each Third Party Offer received by the Purchaser during the ROFR Period.

**Article VII.**  
**RESTRICTIVE COVENANTS.**

Seller hereby agrees as follows:

Section 7.1 **Confidential Information**. The Parties acknowledge that, in light of Purchaser's business interests in the Acquired Companies and their Business following the Closing and Seller's interest in protecting information with respect to its and its Affiliates' business (the "**Retained Business**") that has or may be disclosed in connection with the negotiation of this Agreement or the consummation of the transactions contemplated hereby, confidential treatment shall be afforded with respect to confidential or proprietary information related to the Business and the Retained Business that is not generally known within the relevant trade group or by the public, including all documents, writings, memoranda, business plans, illustrations, designs, plans, processes, programs, inventions, reports, sources of supply, customer lists, supplier lists, trade secrets and all other valuable or unique information and techniques acquired, developed or used by the Acquired Companies related to the Business or by Seller or its Affiliates, as the case may be (hereinafter collectively termed "**Protected Information**"). Each Party expressly acknowledges and agrees that the other Party's Protected Information constitutes trade secrets and/or confidential and proprietary business information to which it has had access in connection with the transactions contemplated hereby, and which, in the case of Protected information related to the Acquired Companies and the Business, will be acquired by Purchaser upon Closing. Protected Information shall exclude information that (i) becomes generally available or known to the public by any means except disclosure by a Party in violation of the restrictions set forth herein, (ii) becomes available to a Party from a third party and such disclosure does not violate an obligation of confidentiality owed to the other Party, and (iii) is independently developed by a Party without reference to the other Party's Protected Information. Each Party agrees to maintain all of the other Party's Protected Information in strict confidence and to refrain from making any disclosure of any such Protected Information to any other party for so long as the Protected Information is not generally available or known to the public. Each Party also agrees to take all reasonable measures necessary to keep the Protected Information from being (i) inadvertently disclosed to any third party, or (ii) misappropriated by a third party. Notwithstanding the foregoing, a Party may disclose the other Party's Protected Information (i) to its legal, financial, and other professional advisors, provided that such advisors are bound by professional or contractual confidentiality restrictions to the extent reasonably necessary to ensure the confidential treatment of such Protected Information and (ii) to the extent that, upon advise of counsel, it is legally obligated to do so, provided that (to the extent legally permissible) such Party gives prior written notice of such obligation to the other Party and reasonably cooperates with any effort by the other Party to limit the scope of such disclosure (at the other Party's cost). To the extent there is any conflict between the provisions of the License Agreement and this **Section 7.1**, the provisions of the License Agreement shall control. The restrictions set forth in this **Section 7.1** shall terminate on the third (3<sup>rd</sup>) anniversary of the Closing Date.

Section 7.2 **Scope**. If, at the time of enforcement of any of the provisions of this **Article VII**, a court of competent jurisdiction determines that the restrictions stated therein are unreasonable under the circumstances then existing, the Parties agree that the maximum period, scope, or geographical area reasonable under the circumstances shall be substituted for the stated period, scope, or geographical area. The Parties further agree that such court shall be allowed to revise the restrictions contained therein to cover the maximum period, scope, or geographical area permitted by law.

Section 7.3 **Remedies**. Seller agrees that if it shall commit or threaten to commit a breach of any of the covenants and agreements contained in this **Article VII**, then Purchaser shall have the right to seek and obtain all appropriate injunctive and other equitable remedies therefor, in addition to any other rights and remedies that may be available at Law, it being acknowledged and agreed that any such breach may cause irreparable injury to Purchaser and that money damages would not provide an adequate remedy therefor.

**Article VIII.**  
**INDEMNIFICATION.**

Section 8.1 Survival of Representations, Warranties and Covenants. The respective representations and warranties of each of the Parties shall survive the Closing for a period of eighteen (18) months, provided that the representations and warranties contained in Sections 4.1, 4.2, 4.3, 4.17, 5.1, and 5.5 shall survive indefinitely and the representations and warranties set forth in Section 4.14 shall survive the Closing for a period of three (3) years (collectively, the “**Fundamental Representations**”). None of the covenants or other agreements contained in this Agreement shall survive the Closing Date other than those which by their terms contemplate performance after the Closing Date, and each such surviving covenant and agreement shall survive the Closing for the period contemplated by its terms. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching Party to the breaching Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of such survival period and such claims shall survive until finally resolved.

Section 8.2 Seller’s Indemnification. Subject to the terms and conditions of this Article VIII, Seller shall indemnify and hold harmless Purchaser and its Affiliates and their respective officers, directors, managers, members, stockholders, agents, successors and assigns from and against and in respect of any and all demands, claims, threatened claims, causes of action, administrative orders and notices, losses, costs, fines, Liabilities, penalties, damages (direct or indirect) and expenses (including, without limitation, reasonable legal, accounting and consultant fees and other expenses incurred in the investigation and defense of any actual or threatened claims or actions) (hereinafter collectively called “**Losses**”) resulting from, in connection with or arising out of:

- (a) The inaccuracy of any representation or the breach of any warranty made by Seller in this Agreement;
- (b) The breach by Seller of any of the covenants or agreements in this Agreement;
- (c) Any Pre-Closing Taxes; or
- (d) any Indebtedness of the Acquired Companies outstanding as of the Closing.

Section 8.3 Purchaser’s Indemnification. Purchaser shall indemnify and hold harmless Seller and its Affiliates and their respective officers, directors, stockholders, agents, successors and assigns, from and against and in respect of any and all Losses resulting from, in connection with or arising out of:

- (a) The inaccuracy of any representation or the breach of any warranty made by Purchaser in this Agreement; or

(b) The breach by Purchaser of any of the covenants or agreements in this Agreement.

Section 8.4 Cooperation. A Party or Parties against whom an indemnification claim (“**Claim**”) has been asserted pursuant to this Article VIII (individually and collectively “**Indemnifying Party**”) shall have the right, at their own expense, assisted by counsel of their own choosing, to participate in the defense of any action or proceeding brought by a third party (including any Governmental Authority) which resulted in said Claim (a “**Third Party Claim**”), and if such right is exercised, the Party or Parties entitled to indemnification (individually and collectively “**Indemnified Party**”) and the Indemnifying Party shall reasonably cooperate in the defense of such action or proceeding.

Section 8.5 Nature of Other Liabilities. In the event any Indemnified Party should have a Claim against any Indemnifying Party hereunder that does not involve a Third Party Claim, the Indemnified Party shall transmit to the Indemnifying Party a written notice (the “**Indemnity Notice**”) describing in reasonable detail the nature of the Claim, and the basis of the Indemnified Party’s request for indemnification under this Agreement. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days from its receipt of the Indemnity Notice that the Indemnifying Party disputes such Claim, the Claim specified by the Indemnified Party in the Indemnity Notice shall be deemed a Liability of the Indemnifying Party hereunder, with respect to which the Indemnified Party is entitled to prompt indemnification hereunder.

Section 8.6 Certain Limitations.

(a) Notwithstanding anything to the contrary set forth in this Agreement, except to the extent caused by a Party’s Fraud or intentional misconduct, the maximum aggregate liability of either Party with respect to breaches of representations or warranties made hereunder (other than the Fundamental Representations) shall not exceed \$500,000.00, and neither Party shall be obligated to indemnify the other Party or its Affiliates with respect to Losses arising from breaches of such representations or warranties until such Losses, in the aggregate, exceed \$37,500.00 (the “**Deductible**”), in which event the Indemnifying Party shall only be required to pay or be liable for Losses in excess of the Deductible.

(b) Notwithstanding anything to the contrary set forth in this Agreement, the maximum aggregate liability of either Party shall not exceed an amount equal to the Purchase Price paid at the Closing.

(c) Payments by an Indemnifying Party in respect of any Loss shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by the Indemnified Party (or the Acquired Companies) in respect of any such claim. The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses prior to seeking indemnification under this Agreement.

(d) Payments by an Indemnifying Party in respect of any Loss shall be reduced by an amount equal to any Tax benefit realized as a result of such Loss by the Indemnified Party.

(e) In no event shall any Indemnifying Party be liable to any Indemnified Party for any punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple.

(f) Each Indemnified Party shall take, and cause its Affiliates to take, all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss.

(g) No Losses may be claimed hereunder to the extent that such Losses either (i) were included in the calculation of the Purchase Price (pursuant to Section 2.2) or, (ii) had they been factored into calculating the Purchase Price (pursuant to Section 2.2), would not have resulted in a reduction in the Purchase Price.

Section 8.7 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its representatives) or by reason of the fact that the Indemnified Party or any of its representatives knew or should have known that any such representation or warranty is, was or might be inaccurate.

Section 8.8 Exclusive Remedies. The Parties acknowledge and agree that from and after Closing their sole and exclusive remedy with respect to any and all claims (other than claims of Fraud against a Party hereto committing Fraud) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII**Error! Bookmark not defined.** In furtherance of the foregoing, each Party hereby waives, from and after Closing, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other Parties hereto and their Affiliates and each of their respective representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII.

**Article IX.**  
**MISCELLANEOUS PROVISIONS.**

Section 9.1 Successors and Assigns and No Third-Party Beneficiaries. This Agreement shall inure to the benefit of, and be binding upon, the Parties hereto and their respective successors, representatives and assigns. Neither Party shall assign its rights hereunder without the other Party's prior written consent; provided that such consent shall not be required in the cases of assignments made (i) by operation of law or (ii) to a Party's Affiliate. Nothing in this Agreement shall confer upon any Person not a party to this Agreement, or the legal representatives of such Person, any rights (including, without limitation, rights as a third-party beneficiary) or remedies of any nature or kind whatsoever under or by reason of this Agreement.

Section 9.2 Expenses. Except as otherwise provided herein, all costs and expenses incurred by a Party in connection with this Agreement and with the consummation of the Transactions shall be paid by such Party.

Section 9.3 Notices. All notices, requests and other communications to any Party hereunder shall be in writing and shall be given to such Party at its address set forth below, with delivery being effective upon actual receipt or on the second Business Day after deposit if sent by a recognized overnight delivery service or by registered or certified mail (postage prepaid, return receipt requested), in each case to the address specified in this Section.

(a) If to Purchaser, to:

Agrify Corporation  
  
2220 Hicks Road, Suite 210  
Rolling Meadows, IL 60008  
Attn: Peter Shapiro, Director  
Email: peter@brooklynbowl.com

with a copy (which shall not constitute notice) to:

Blank Rome LLP  
125 High Street  
Boston, Massachusetts 02110  
Attention: Frank A. Segall  
Email: frank.segall@blankrome.com

(b) If to Seller, to:

VCP IP Holdings, LLC  
c/o Green Thumb Industries Inc.  
325 W. Huron Street, Suite 700  
Chicago, IL 60654 Attn: General Counsel  
Email: bkravitz@gtigrows.com

with a copy (which shall not constitute notice) to:

Dentons US LLP  
233 S. Wacker Dr., #5900  
Chicago, Illinois 60606  
Attention: Ross Docksey and Jacob Styburski  
Email: ross.docksey@dentons.com and  
jacob.styburski@dentons.com

or such other address or persons as the Parties may from time to time designate in writing in the manner provided in this Section 9.3.

Section 9.4 Entire Agreement. This Agreement, together with the Ancillary Documents and the Exhibits and the Schedules attached hereto, represents the entire agreement and understanding of the Parties hereto with respect to the transactions contemplated hereby. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements among the Parties related to the subject matter of this Agreement, whether written or oral, and all prior drafts thereof, including the Original Agreement, all of which are merged into this Agreement.

Section 9.5 Amendments; Waiver. This Agreement may be amended only by a written instrument signed by Purchaser and Seller. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by a Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 9.6 Time of the Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

Section 9.7 Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable so long as the economic or legal substance of the transactions contemplated hereby are not affected in any manner adverse to either Party. Upon such determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 9.8 Rules of Interpretation.

- (a) The term “including” and the abbreviation “e.g.” mean “including, without limitation” unless the context clearly states otherwise.
- (b) The recitals to this Agreement shall be deemed to be a part of this Agreement.
- (c) All reference herein to this “Agreement” shall include the Exhibits and Schedules attached hereto.

(d) The word “shall” when used in this Agreement is a word of mandate, construed as “must.”

(e) This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted.

(f) The headings in this Agreement are for reference only and shall not effect the interpretation of this Agreement.

(g) All section headings in the Schedules correspond to the sections of this Agreement, but information provided in any section of the Schedules shall constitute disclosure for purposes of each section of this Agreement where such information is relevant. Unless the context otherwise requires, all capitalized terms used in the Schedules shall have the respective meanings assigned to such terms in this Agreement. Certain information set forth in the Schedules is included solely for informational purposes, and may not be required to be disclosed pursuant to this Agreement. No disclosure in the Schedules relating to any possible breach or violation of any agreement or Law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. The inclusion of any information in the Schedules shall not be deemed to be an admission or acknowledgment by Seller that in and of itself, such information is material to or outside the ordinary course of the business. No disclosure in the Schedules shall be deemed to create any rights in any third party.

Section 9.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall be considered one and the same agreement. The signature of any party that is delivered by telecopy or other means of electronic execution and/or delivery (including DocuSign) shall be effective and deemed an original.

Section 9.10 Governing Law; Dispute Resolution.

(a) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

(b) Informal Dispute Resolution. In the event of any dispute, claim or controversy arising out of or relating to this Agreement, the Parties shall first attempt in good faith to resolve their dispute through in-person or video conference negotiation between authorized representatives of each of the Parties with authority to settle the relevant dispute for a period of not less than ten (10) days from the delivery of written notice under this Section 9.10(b). Either Party may commence this negotiation by delivering written notice to the other Party pursuant to the terms outlined in this Agreement. The Parties may agree to engage the services of a jointly agreed-upon mediator to facilitate this in-person meeting, in which case they agree to share equally in the costs of the mediation.

(c) Arbitration. Any unresolved controversy or claim arising out of or relating to this Agreement, except as (i) otherwise expressly provided in this Agreement, or (ii) any such controversies or claims arising out of a Party's breach of its restrictive covenants hereunder for which a provisional remedy or equitable relief is sought, shall be submitted to arbitration with a single arbitrator mutually agreed upon by the Parties, and if no agreement can be reached within thirty (30) days after names of potential arbitrators have been proposed, then by one arbitrator having reasonable experience in corporate transactions of the type provided for in this Agreement and who is chosen by JAMS. The arbitration shall take place in Chicago, Illinois in accordance with the JAMS International Arbitration Rules then in effect, and judgment upon any award rendered in such arbitration will be final and binding and may be entered in any court having jurisdiction thereof. There shall be limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated; (b) depositions of all Party witnesses; and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with Illinois laws, the arbitrator shall be required to provide in writing to the Parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings.

(d) JURY TRIAL WAIVER. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.10(D).

*[Signature page follows]*

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed as of the date first written above.

SELLER:

VCP IP HOLDINGS, LLC

By: /s/ Anthony Georgiadis

Name: Anthony Georgiadis

Title: Authorized Signatory

PURCHASER:

AGRIFY CORPORATION

By: /s/ Benjamin Kovler

Name: Benjamin Kovler

Title: Interim CEO

**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 June 30, 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.

August 8, 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 June 30, 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.

August 8, 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 June 30, 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 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.

August 8, 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 June 30, 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 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.

August 8, 2025

/s/ Brad Asher

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Brad Asher

Chief Financial Officer

(Principal Financial and Accounting Officer)