

# AMERICANN, INC.

## FORM 10-Q (Quarterly Report)

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Address	1555 BLAKE ST UNIT 502 DENVER, CO, 80202
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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 December 31, 2024  
OR  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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

Commission file number: 000-54231

**AMERICANN, INC**  
(Exact name of registrant as specified in its charter)

**Colorado**  
(State or other jurisdiction of incorporation or organization)

**27-4336843**  
(IRS Employer Identification No.)

**1555 Blake Street, Unit 502**  
**Denver, CO**  
(Address of principal executive offices)

**80202**  
(Zip Code)

**(303) 862-9000**  
(Registrant's telephone number, including area code)

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

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
None	N/A	N/A

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 a checkmark 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, 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 type="checkbox"/>

If an emerging growth company, indicate by checkmark 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 February 10, 2025, the registrant had 24,391,961 shares of common stock outstanding.

AMERICANN, INC.  
FORM 10-Q

TABLE OF CONTENTS

	<u>PAGE NO.</u>
PART I FINANCIAL INFORMATION	
Item 1. Unaudited Financial Statements:	
Consolidated Balance Sheets as of December 31, 2024 and September 30, 2024	F-1
Consolidated Statements of Operations for the Three Months Ended December 31, 2024 and 2023	F-2
Consolidated Statements of Changes in Stockholders' Equity for the Three Months Ended December 31, 2024 and 2023	F-3
Consolidated Statements of Cash Flows for the Three Months Ended December 31, 2024 and 2023	F-4
Notes to Consolidated Financial Statements	F-5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	3
Item 4. Controls and Procedures	6
PART II OTHER INFORMATION	
Item 5. Other Information	6
Item 6. Exhibits	6
SIGNATURES	7

**AMERICANN, INC.**  
**CONSOLIDATED UNAUDITED BALANCE SHEETS**

Not Reviewed

	<u>December 31, 2024</u>	<u>September 30, 2024</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 131,156	\$ 48,841
Restricted cash	9,967	9,967
Tenant receivable	57,588	57,588
Prepaid expenses and other current assets	107,469	128,226
Current portion of note receivable	171,896	171,896
Total current assets	478,076	416,518
Note receivable	114,598	143,247
Construction in progress	375,507	372,638
Property and Equipment, net	7,466,014	6,492,085
Operating lease - right-of-use asset	1,707,070	6,638,679
Total assets	<u>\$ 10,141,265</u>	<u>\$ 14,063,167</u>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 98,805	\$ 140,578
Accounts payable - related party	30,000	-
Interest payable (including \$21,943 and \$8,749 to related parties)	63,984	174,201
Other payables	5,439	9,325
Operating lease liability, short term	4,068	13,201
Note payable - related party	581,646	581,646
Notes payable (net of unamortized discounts of \$0)	4,500,000	4,500,000
Total current liabilities	5,283,942	5,418,951
Operating lease liability, long term	1,703,003	4,191,188
Total liabilities	6,986,945	9,610,139
Commitments and contingencies - see Note 6		
Stockholders' Equity:		
Preferred stock, \$0.0001 par value; 20,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.0001 par value; 100,000,000 shares authorized; 24,391,961 shares issued and outstanding as of December 31, 2024 and September 30, 2024	2,439	2,439
Additional paid in capital	25,558,362	25,558,362
Accumulated deficit	(22,406,481)	(21,107,773)
Total stockholders' equity	3,154,320	4,453,028
Total liabilities and stockholders' equity	<u>\$ 10,141,265</u>	<u>\$ 14,063,167</u>

See accompanying notes to consolidated unaudited financial statements.

**AMERICANN, INC.**  
**CONSOLIDATED UNAUDITED STATEMENTS OF OPERATIONS**

Not Reviewed

	<b>Three months ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Rental income	\$ -	\$ 475,629
Cost of revenues	-	780
Gross profit	-	474,849
Operating expenses:		
Advertising and marketing	2,284	281
Professional fees	59,254	111,851
General and administrative expenses	386,401	403,610
Total operating expenses	447,939	515,742
(Loss) from operations	(447,939)	(40,893)
Other income (expense):		
Interest income	-	7,951
Interest expense	(125,283)	(125,862)
Interest expense - related party	(13,195)	(13,195)
Loss on lease termination	(712,291)	-
Total other (expense)	(850,769)	\$ (131,106)
Net (loss)	\$ (1,298,708)	\$ (171,999)
Basic and diluted (loss) per common share	\$ (0.05)	\$ (0.01)
Weighted average common shares outstanding	24,391,961	24,391,961

See accompanying notes to consolidated unaudited financial statements.

**AMERICANN, INC.**  
**CONSOLIDATED UNAUDITED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

Not Reviewed

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Paid In</u>	<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Deficit</u>	<u>Total</u>
<b>Balances, September 30, 2023</b>	-	\$ -	24,391,961	\$ 2,439	\$ 25,558,362	\$ (19,853,444)	\$ 5,707,357
Net loss	-	-	-	-	-	(171,999)	(171,999)
<b>Balances, December 31, 2023</b>	-	\$ -	24,391,961	\$ 2,439	\$ 25,558,362	\$ (20,025,443)	\$ 5,535,358
<b>Balances, September 30, 2024</b>	-	\$ -	24,391,961	\$ 2,439	\$ 25,558,362	\$ (21,107,773)	\$ 4,453,028
Net loss	-	-	-	-	-	(1,298,708)	(1,298,708)
<b>Balances, December 31, 2024</b>	-	\$ -	24,391,961	\$ 2,439	\$ 25,558,362	\$ (22,406,481)	\$ 3,154,320

See accompanying notes to consolidated unaudited financial statements.

**AMERICANN, INC.**  
**CONSOLIDATED UNAUDITED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

**Not Reviewed**

	<b>Three Months Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Net (loss)/income	\$ (1,298,708)	\$ (171,999)
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:		
Depreciation and amortization	98,071	115,562
Amortization of right of use assets	-	17,452
Loss on lease termination	712,291	-
Changes in operating assets and liabilities:		
Tenant receivable	-	(275,614)
Prepaid expenses	20,757	618
Accounts payable and accrued expenses	(41,773)	(472)
Operating lease liability	-	(2,962)
Accounts payable - related party	30,000	(15,000)
Interest payable	(110,217)	1,356
Other payables	(3,886)	(6,185)
Net cash flows (used in) operations	(593,465)	(337,244)
Cash flows from investing activities:		
Purchases of property and equipment	(2,869)	-
Payments received on notes receivable	28,649	9,845
Proceeds received from lease termination	650,000	-
Net cash flows provided by investing activities	675,780	9,845
Net change in cash, cash equivalents, and restricted cash	82,315	(327,399)
Cash, cash equivalents, and restricted cash at beginning of period	58,808	1,144,973
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 141,123</u>	<u>\$ 817,574</u>
Supplementary Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 248,178</u>	<u>\$ 137,701</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to consolidated unaudited financial statements.

**AMERICANN, INC.**  
**NOTES TO CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**

**Not Reviewed**

**NOTE 1. NATURE OF BUSINESS AND BASIS OF PRESENTATION**

AmeriCann, Inc. ("the Company", "we", "our", or "the Issuer") was organized under the laws of the State of Delaware on June 25, 2010. The Company changed its corporate domicile to Colorado in 2022.

The Company's business plan is to design, develop, lease and operate state-of-the-art cultivation, processing and manufacturing facilities for licensed cannabis businesses throughout the United States.

The Company's activities are subject to significant risks and uncertainties including the potential failure to secure funding to continue its operations.

***Basis of Presentation***

The (a) consolidated unaudited balance sheet as of September 30, 2024, which has been derived from unaudited financial statements, and (b) the unaudited financial statements as of and for the three months ended December 31, 2024 and 2023, have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the unaudited financial statements and notes thereto contained in the Company's Form 10-K filed with the SEC on January 15, 2025. In the opinion of management, all adjustments, all of which are of a normal recurring nature, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which substantially duplicate the disclosure contained in the unaudited financial statements for fiscal 2024 as reported in the Form 10-K have been omitted.

Certain prior period amounts have been reclassified to conform with current period presentation. These reclassifications have no impact on net income or loss.

***Significant Accounting Policies***

***Restricted Cash***

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated unaudited balance sheets that sum to the total of the same such amounts in the consolidated unaudited statements of cash flows:

	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Cash and cash equivalents	\$ 131,156	\$ 48,841
Restricted cash	9,967	9,967
Total cash, cash equivalents, and restricted cash shown in the cash flow statement	<u>\$ 141,123</u>	<u>\$ 58,808</u>

Amounts included in restricted cash represent those required to be set aside by the Cannabis Control Commission in Massachusetts as well as by a contractual agreement with a lender for the payment of specific construction related expenditures as part of the Company's property development in Massachusetts.



## Not Reviewed

### Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment begins in the month following the month when the asset is placed into service and is provided using the straight-line method for financial reporting purposes at rates based on the estimated useful lives of the assets. Estimated useful lives range from three to twenty years. Property, plant and equipment consist of:

	December 31, 2024	September 30, 2024
Land	\$ 1,072,000	\$ -
Buildings and improvements	7,854,548	7,854,548
Computer equipment	349,576	349,576
Furniture and equipment	2,764	2,764
Equipment	551,800	551,800
Total	9,830,688	8,758,688
Accumulated depreciation	(2,364,674)	(2,266,603)
Property and equipment, net	\$ 7,466,014	\$ 6,492,085

Depreciation expense for the three months ended December 31, 2024 and 2023 amounted to \$98,071 and \$115,562, respectively.

### Leases

Effective October 1, 2019, we adopted Topic 842, Lease Accounting using the effective date method. Under this method, periods prior to adoption remain unchanged. We determine if an arrangement is a lease at inception.

Right-of-Use (ROU) assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Variable lease payments are not included in the calculation of the right-of-use asset and lease liability due to uncertainty of the payment amount and are recorded as lease expense in the period incurred. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Under the available practical expedient, we account for the lease and non-lease components as a single lease component for all classes of underlying assets as both a lessee and lessor. Further, we elected a short-term lease exception policy on all classes of underlying assets, permitting us to not apply the recognition requirements of this standard to short-term leases (i.e. leases with terms of 12 months or less).

## NOTE 2. GOING CONCERN

The accompanying consolidated unaudited financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. The Company had an accumulated deficit of \$22,406,481 and \$21,107,773 at December 31, 2024 and September 30, 2024, respectively. These matters, among others, raise substantial doubt about the Company's ability to continue as a going concern. While the Company is attempting to increase operations and generate additional revenues, the Company's cash position may not be significant enough to support the Company's daily operations. Management intends to raise additional funds through the sale of its securities.

Management believes that the actions presently being taken to further implement its business plan and generate additional revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate additional revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate additional revenues. The consolidated unaudited financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

## Not Reviewed

### NOTE 3. NOTES RECEIVABLE

Notes and other receivables as of September 30, 2024 and 2023, consisted of the following:

	December 31, 2024	September 30, 2024
Note receivable from BASK, interest rate of 0%; monthly principal and interest payments of \$14,325, maturing in 2026.	\$ 286,494	\$ 315,143
	286,494	315,143
Less: Current portion	(171,896)	(171,896)
	<u>\$ 114,598</u>	<u>\$ 143,247</u>

### NOTE 4. NOTES PAYABLE

On August 2, 2019 the Company secured a \$4,000,000 investment from an unrelated third party in the form of a loan. The loan was evidenced by a note which bore interest at the rate of 11% per year, was originally due and payable on August 2, 2022 and was secured by a first lien on the building at the Massachusetts Cannabis Center ("MCC").

The note holder also received a warrant which allows the holder to purchase 600,000 shares of the Company's common stock at a price of \$1.50 per share. The warrant will expire on the earlier of (i) August 2, 2024 or (ii) twenty days after written notice of the holder that the daily Volume Weighted Average Price of the Company's common stock was at least \$4.00 for twenty consecutive trading days and the average daily volume of trades of the Company's common stock during the twenty trading days was at least 150,000 shares. The warrant expired on August 2, 2024.

The broker for the loan received a cash commission of \$320,000 plus warrants to purchase 48,000 shares of the Company's common stock. The warrants are exercisable at a price of \$1.50 per share and expired on August 2, 2024. The cash commission and the fair value of the warrants amounting to \$52,392 were recognized as a discount to the note.

The Company allocated the proceeds between the note and the warrants based on their relative fair values. The relative fair value of the 600,000 warrants was \$562,762 which was recognized as additional paid in capital and a corresponding debt discount.

On December 4, 2020, the loan was modified and increased by \$500,000 and the maturity of the loan was extended to August 1, 2023. All other provisions of the original loan remain the same. The debt modification was deemed not substantial and was accounted for as a debt modification. The broker for the loan received a cash commission of \$40,000 which was expensed when incurred.

On July 31, 2023, the maturity date was further extended to December 1, 2023. On November 30, 2023, the maturity of the loan was extended to January 31, 2024. All other provisions of the previously modified loan remain the same. The debt modification was deemed not substantial and was accounted for as a debt modification. The broker for the loan received a cash commission of \$7,500 which was expensed when incurred. On January 31, 2024, the maturity date of the loan was further extended until April 15, 2024. All other provisions of the previously modified loan remain the same. On April 12, 2024, the maturity of the loan was further extended until August 31, 2024. All other provisions of the previously modified loan remain the same. On August 31, 2024, the maturity of the loan was further extended until December 1, 2024, all other provisions of the previously modified loan remain the same. On December 1, 2024, the maturity of the loan was further extended until April 30, 2025, all other provisions of the previously modified loan remain the same.

At December 31, 2024, the outstanding principal on this note was \$4,500,000 and the unamortized debt discount was \$0.

The modified note is secured by a first lien on the building at the Company's Massachusetts Cannabis Center ("MCC").

## Not Reviewed

### *BASK.*

On April 7, 2016, we signed agreements with BASK. BASK is one of a limited number of organizations that has received a provisional or final registration to cultivate, process and sell medical and adult use cannabis by the Massachusetts Cannabis Control Commission.

Pursuant to the agreements, we agreed to provide BASK with financing for construction and working capital required for BASK's approved dispensary and cultivation center in Fairhaven, MA.

On July 26, 2019, the Company entered into a 15-Year Triple Net lease of the building at the MCC with BASK. The lease commenced on September 1, 2019 and includes an annual base rent of \$138,762 and a revenue participation fee equivalent to 15% of BASK's gross revenues. As of December 31, 2024, the BASK tenant receivable balance was \$57,588. See Note 6.

On May 13, 2024, the Company and BASK mutually agreed to modify the lease effective August 31, 2024. During the last five months of the lease effective April 1, 2024 the new monthly payment by BASK will be \$57,588 per month.

Tim Keogh, our Chief Executive Officer, was a Board Member of BASK between August 2013 and November 2021. Effective December 1, 2021, BASK was no longer classified as a related party.

### ***Related Party***

#### *Strategic Capital Partners*

On September 30, 2019, we entered into an amended note with Strategic Capital Partners, LLC ("SCP"), in the principal amount of \$1,756,646, bearing interest of 9% per year and maturing on December 31, 2022. During the year ended September 30, 2022, the maturity of the note was extended to December 31, 2023. In December 2023, the note was further extended to March 31, 2024. In March 2024, the note was further extended to August 15, 2024. On August 14, 2024, the note was further extended to April 15, 2025.

Accrued interest on the note was \$21,943 and \$8,749 at December 31, 2024 and September 30, 2024, respectively.

At December 31, 2024 and September 30, 2024, the outstanding principal on this note was \$581,646.

During the year ended September 30, 2024, the Company incurred \$180,000 of consulting expenses with SCP and paid \$195,000. As of September 30, 2024, \$0 remained unpaid. During the three months ended December 31, 2024 the Company incurred \$45,000 of consulting expenses with SCP of which \$30,000 remained outstanding at December 31, 2024.

The Company leases office space from SCP. Lease expense for office space was \$7,500 for the three months ended December 31, 2024 and 2023.

SCP is controlled by Benjamin J. Barton, one of our officers and directors and principal shareholders.

### **NOTE 5. LOSS PER SHARE**

The following table sets forth the computation of basic and diluted net loss per share:

	<b>Three months ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Net income (loss) attributable to common stockholders	\$ (1,298,708)	\$ (171,999)
Basic weighted average outstanding shares of common stock	24,391,961	24,391,961
Dilutive effects of common share equivalents	-	-
Dilutive weighted average outstanding shares of common stock	<u>24,391,961</u>	<u>24,391,961</u>
Basic and diluted net income (loss) per share of common stock	<u>\$ (0.05)</u>	<u>\$ (0.01)</u>

## Not Reviewed

As of December 31, 2024, we excluded 1,600,000 of stock options from the computation of diluted net loss per share since the effects are anti-dilutive. As of December 30, 2023, we excluded 1,700,000 of stock options and 2,148,000 of warrants from the computation of diluted net loss per share since the effects are anti-dilutive.

### NOTE 6. COMMITMENTS AND CONTINGENCIES

#### *Operating Leases*

##### *Office space*

The Company leases its office space located at 1555 Blake St., Unit 502, Denver, CO 80202 for \$2,500 per month with a lease term of less than 12 months from SCP, a related party. See Note 4.

Lease expense for office space was \$7,500 for the three months ended June December 31,, 2024 and 2023.

##### *Land*

On October 17, 2016, the Company closed on the acquisition of the 52.6-acre parcel of undeveloped land in Freetown, Massachusetts. The property is located approximately 47 miles southeast of Boston. The Company is developing the property as the MCC. Plans for the property may include the construction of sustainable greenhouse cultivation and processing facilities that will be leased or sold to Registered Marijuana Dispensaries under the Massachusetts Medical Marijuana Program.

As part of a simultaneous transaction, the Company assigned the property rights to Massachusetts Medical Properties, LLC ("MMP") for a nominal fee and entered a lease agreement pursuant to which MMP agreed to lease the property to the Company for an initial term of fifty (50) years. We have the option to extend the term of the lease for four (4) additional ten (10) year periods. The lease is a triple net lease, with the Company paying all real estate taxes, repairs, maintenance and insurance.

Effective October 1, 2019, the Company adopted Topic 842 and recorded ROU assets and lease liabilities of \$6,980,957 and \$4,256,869, respectively. As part of the adoption, prepaid land lease balance of \$2,724,088 was classified as a component of the Company's ROU assets. (See Note 1)

The Company completed the construction of the 30,000 square foot building on the leased land and on September 1, 2019, BASK, commenced its 15-year sublease of the building which includes a base rent plus 15% of BASK's gross revenues.

On May 13, 2024, the Company and BASK mutually agreed to modify the lease effective August 31, 2024. AmeriCann and BASK have agreed that, for the last five months of the lease effective April 1 2024, the new monthly payment by BASK will be \$57,588 per month, inclusive of property taxes and Host Community Agreement fees. After August 31, 2024, AmeriCann intends to operate the building as a regulated cannabis cultivation and manufacturing operator. Bask agreed to transfer to the Company its provisional Cultivation and provisional Product Manufacturing licenses. BASK will receive a credit of \$40,000 for each license transferred. Any transfer of licenses is contingent upon approval from the Massachusetts Cannabis Control Commission. An application for the Change of Ownership and Control of the licenses was filed on June 19, 2024. BASK granted the Company the option to purchase any furniture and equipment located in the space currently occupied by BASK. A third-party valuation of the items to be purchased was completed and valued the assets at \$551,800. Additionally, the remaining balance due and the existing promissory note from BASK were converted to a new promissory note which will be paid in 24 equal monthly installments without interest.

By agreement dated November 19, 2024, the Company terminated one of the land leases resulting in the lease payments decreasing from the greater of (a) \$30,000 per month; (b) \$0.38 per square foot per month of any structure built on the property; or (c) 1.5% of all gross monthly sales of products sold by the Company, any assignee of the Company, or any subtenant of the Company to the greater of (a) \$13,407 per month; or (b) 1.5% of all gross monthly sales of products sold by the Company, any assignee of the Company, or any subtenant of the Company. The lease has an initial term of fifty (50) years. The Company has the option to extend the term of the lease for four (4) additional ten (10) year periods. The lease is a triple net lease, with the Company paying all real estate taxes, repairs, maintenance and insurance.

## Not Reviewed

Additionally, the Company will relinquish all rights to the undeveloped portion of the leased property to MMP (approximately 48.3 acres) in exchange for:

- \$650,000 cash; and
- 20% of the net sales price of the transferred portion of the undeveloped leased property.

The net sales price will be increased by an amount equal to the Base Rent paid by the Company to MMP under a separate lease covering 4.29 acres from November 19, 2024 through the date of conveyance of the 4.29 acres to the Company by MMP and decreased by \$1,722,000.

The description of the terms of the November 19, 2024 agreement between the Company and MMP is qualified in its entirety by the agreement between the Company and MMP filed as Exhibit 10.18 to the Company's 8-K report filed on December 13, 2024.

As of December 31, 2024, the Company's right-of-use assets were \$1,707,070, the Company's current maturities of operating lease liabilities were \$4,068 and the Company's noncurrent lease liabilities were \$1,703,003.

The table below presents lease related terms and discount rates as of December 31, 2024.

	<u>As of December 31, 2024</u>
Weighted average remaining lease term	
Operating leases	41.75
Weighted average discount rate	
Operating leases	7.9%

The reconciliation of the maturities of the operating leases to the lease liabilities recorded in the Consolidated Unaudited Balance Sheet as of September 30, 2024 are as follows:

2025	104,080
2026	138,772
2027	138,772
2028	138,772
2029	138,772
Thereafter	5,131,501
	<u>5,790,669</u>
Total lease payments	5,790,669
Less: Interest	(4,083,598)
	<u>\$ 1,707,071</u>
Less: operating lease liability, current portion	(4,068)
Operating lease liability, long term	<u>\$ 1,703,003</u>

Aggregate rental expense under all leases totaled \$481,375 and \$481,375 for the years ended September 30, 2024 and 2023, respectively.

Not Reviewed

**NOTE 7. EQUITY**

**Common Stock.** There was no common stock activity during the three months ended December 31, 2024.

**Stock Options.** There was no stock option activity during the three months ended December 31, 2024.

Stock option details are as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term (Years)	Aggregate Intrinsic Value
Exercisable at September 30, 2024	1,000,000	\$ 2.25	3.0	\$ -
Adjustment (1)	600,000			
Outstanding as of December 10, 2024	1,600,000	\$ 1.97	2.6	\$ -
Vested and expected to vest at December 31, 2024	1,600,000	\$ 1.97	2.6	\$ -
Exercisable at December 31, 2024	1,600,000	\$ 1.97	2.6	\$ -

(1) Options that were previously fully expensed were presented as expired as of September 30, 2024 but were not actually expired. There is no financial statement impact.

**Warrants.** Warrant activity as of and for the three months ended December 31, 2024 is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of September 30, 2024	1,500,000	1.25	0.25	\$ -
Expired	(1,500,000)			
Outstanding as of December 31, 2024	-			\$ -
Exercisable at December 31, 2024	-			\$ -

**NOTE 8. INCOME TAXES**

We did not record any income tax expense or benefit for the three months ended December 31, 2024 or 2023. We increased our valuation allowance and reduced our net deferred tax assets to zero. Our assessment of the realization of our deferred tax assets has not changed, and as a result we continue to maintain a full valuation allowance for our net deferred tax assets as of December 31, 2024 and September 30, 2024.

As of December 31, 2024, we did not have any unrecognized tax benefits. There were no significant changes to the calculation since September 30, 2024.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited financial statements and related notes included in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto as of and for the year ended September 30, 2024 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K*

### **Forward-Looking Statements**

*The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, ("the Exchange Act"), which are subject to the "safe harbor" created by those sections. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "should," "could," "predicts," "potential," "continue," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. The forward-looking statements are applicable only as of the date on which they are made, and we do not assume any obligation to update any forward-looking statements. All forward-looking statements in this Form 10-Q are made based on our current expectations, forecasts, estimates and assumptions, and involve risks, uncertainties and other factors that could cause results or events to differ materially from those expressed in the forward-looking statements. In evaluating these statements, you should specifically consider various factors, uncertainties and risks that could affect our future results or operations. These factors, uncertainties and risks may cause our actual results to differ materially from any forward-looking statement set forth in this Form 10-Q. You should carefully consider these risk and uncertainties described and other information contained in the reports we file with or furnish to the SEC before making any investment decision with respect to our securities. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.*

### **OVERVIEW**

AmeriCann, Inc. designs, develops, leases and operates state-of-the-art cannabis cultivation, processing and manufacturing facilities.

AmeriCann uses greenhouse technology which is superior to the current industry standard of growing cannabis in warehouse facilities under artificial lights. According to industry experts, by capturing natural sunlight, greenhouses use 25 percent fewer lights, and utility bills are up to 75 percent less than in typical warehouse cultivation facilities. As such, AmeriCann's Canopy System enables cannabis to be produced with a greatly reduced carbon footprint, making the final product less expensive. Additionally, greenhouse construction costs can be nearly half of warehouse construction costs. AmeriCann's business is committed to sustainable, clean cultivation of cannabis and to social and environmental ethics, transparency and accountability.

AmeriCann's first project is the Massachusetts Cannabis Center ("MCC"). AmeriCann may replicate the brands, technology and innovations developed at its MCC project to additional markets.

#### Massachusetts Cannabis Center

On October 17, 2016, we closed on the acquisition of the 52.6-acre parcel of undeveloped land in Freetown, Massachusetts. The property is located approximately 47 miles southeast of Boston.

As part of a simultaneous transaction, we assigned the property rights to Massachusetts Medical Properties, LLC ("MMP") for a nominal fee and entered a lease agreement pursuant to which MMP agreed to lease the property to us for an initial term of fifty (50) years. We have the option to extend the term of the lease for four (4) additional ten (10) year periods. The lease is a triple net lease. We pay all real estate taxes, repairs, maintenance and insurance. A portion of these expenses are reimbursed by the tenant.

The lease payments were the greater of (a) \$30,000 per month; (b) \$0.38 per square foot per month of any structure built on the property; or (c) 1.5% of all gross monthly sales of products sold by the Company, any assignee of the Company, or any subtenant of the Company.

By agreement dated November 19, 2024, the Company transferred the undeveloped portion of the leased property to MMP (approximately 48.3 acres) for:

- 650,000; and
- 20% of the net sales price of the transferred portion of the undeveloped leased property.

The net sales price will be increased by an amount equal to the Base Rent paid by the Company to MMP under a separate lease covering 4.29 acres from November 19, 2024 through the date of conveyance of the 4.29 acres to the Company by MMP and decreased by \$1,722,000.

The lease payments are now the greater of (a) \$13,407 per month; or (b) 1.5% of all gross monthly sales of products sold by the Company, any assignee of the Company, or any subtenant of the Company. The lease has an initial term of fifty (50) years. The Company has the option to extend the term of the lease for four (4) additional ten (10) year periods. The lease is a triple net lease, with the Company paying all real estate taxes, repairs, maintenance and insurance.

The description of the terms of the November 19, 2024 agreement between the Company and MMP is qualified in its entirety by the agreement between the Company and MMP filed as Exhibit 10.18 to the Company's 8-K report filed on December 13, 2024.

On July 26, 2019 the Company entered into a Triple Net Lease for AmeriCann's 30,000 square foot cultivation and product manufacturing facility with BASK, Inc. ("BASK"). BASK commenced operations in the facility 1 in February of 2020.

The 15-year lease for the building at the MCC with BASK provided, in addition to a monthly Base Rent, a Revenue Participation Fee whereby we will receive 15% of all gross monthly sales of cannabis, cannabis-infused products and non-cannabis products produced at Building 1.

On May 13, 2024, the Company and BASK mutually agreed to modify the lease effective August 31, 2024. AmeriCann and BASK have agreed that, for the last five months of the lease effective April 1 2024, the new monthly payment by BASK will be \$57,588 per month, inclusive of property taxes and Host Community Agreement fees. After August 31, 2024, AmeriCann intends to operate the building as a regulated cannabis cultivation and manufacturing operator. Bask agreed to transfer to the Company its provisional Cultivation and provisional Product Manufacturing licenses. BASK will receive a credit of \$40,000 for each license transferred. Any transfer of licenses is contingent upon approval from the Massachusetts Cannabis Control Commission. An application for the Change of Ownership and Control of the licenses was filed on June 19, 2024. BASK granted the Company the option to purchase any furniture and equipment located in the space currently occupied by BASK. A third-party valuation of the items to be purchased is expected to be finalized by the end of August 2024. In the event the amount of the past due rent exceeds the credit (or credits) for any licenses which may be transferred to the Company by BASK and the value of any furniture or equipment purchased by the Company, the remaining amount, plus the amount remaining due on the promissory note from BASK dated September 30, 2023 will be converted to a promissory note which will be paid in 24 equal monthly installments without interest.

The Massachusetts Cannabi Center ("MCC") is, a state of the art 30,000 square foot cultivation and processing facility, is fully-operational. Using the MCC as its base of operations, the Company plans to cultivate cannabis and provide extraction laboratory, and manufacture cannabis products. The Company plans to produce branded consumer packaged goods including cannabis beverages enhancers, vaporizer products, edible products, non-edible products and concentrates at the MCC. All cannabis, including manufactured goods, will be sold to licensed Massachusetts retailers.

## **SIGNIFICANT ACCOUNTING POLICIES**

### *Leases*

Effective October 1, 2019, we adopted ASC 842, Lease Accounting using the effective date method. We determine if an arrangement is a lease at inception.

Right-of-Use (ROU) assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Variable lease payments are not included in the calculation of the right-of-use asset and lease liability due to uncertainty of the payment amount and are recorded as lease expense in the period incurred. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.



Under the available practical expedient, we account for the lease and non-lease components as a single lease component for all classes of underlying assets as both a lessee and lessor. Further, we elected a short-term lease exception policy on all classes of underlying assets, permitting us to not apply the recognition requirements of this standard to short-term leases (i.e. leases with terms of 12 months or less).

## RESULTS OF OPERATIONS

Material changes in the line items in our Statement of Operations for the three months ended December 31, 2024 as compared to the same period last year, are discussed below:

Item	Increase (I) or Decrease (D)	Reason
Rental Income	D	Termination of lease on the building at the MCC
Professional fees	D	Decrease in consulting and auditor fees
Interest income	D	Modification of the Bask Note Receivable

## LIQUIDITY AND CAPITAL RESOURCES

### *Loans*

On August 2, 2019 we secured a \$4,000,000 loan from an unrelated third party. The loan was evidenced by a note which bears interest at the rate of 11% per year. On December 4, 2020, the loan was increased by \$500,000 and the maturity date was extended from August 2, 2022 to August 1, 2023. In July 2023, the maturity date was further extended to December 1, 2023 while all other provisions of the original loan remained the same. On November 30, 2023, the maturity date was extended to January 31, 2024 while all other provisions of the original loan remained the same. On December 1, 2024 the maturity date of the loan was extended to April 30, 2025 while all other provisions of the original loan remained the same. The loan is secured by a first lien on the building at the MCC.

### *Contractual obligations*

Prior to November 19, 2024, the Company leased approximately 52.6 acres from MMP under an operating lease commencing October 17, 2016. By agreement dated November 19, 2024, the Company transferred the undeveloped portion of the leased property (approximately 48.3 acres) to MMP. (See Item 1 of this report). The lease payments are now the greater of (a) \$13,407 per month; or (b) 1.5% of all gross monthly sales of products sold by the Company, any assignee of the Company, or any subtenant of the Company. The lease has an initial term of fifty (50) years. The Company has the option to extend the term of the lease for four (4) additional ten (10) year periods. The lease is a triple net lease, with the Company paying all real estate taxes, repairs, maintenance and insurance.

### *Analysis of Cash Flows*

Our sources and (uses) of cash for the three months ended December 31, 2024 and 2023 are shown below:

	2024	2023
Cash (used) provided by operations	\$ (593,465)	\$ (337,244)
Acquisition of property and equipment	(2,869)	--
Payments received from notes receivable	28,649	9,845
Proceeds received from lease termination	650,000	--

We do not have any firm commitments from any person to provide us with any additional capital.

## OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2024, we did not have any off-balance sheet arrangements.

## ITEM 4. CONTROLS AND PROCEDURES

### *Evaluation of Disclosure Controls and Procedures*

Our management, with the participation of our President and Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective for the same reasons that our internal control over financial reporting was not effective.

### *Internal Control over Financial Reporting*

Our Principal Executive Officer and Principal Financial Officer concluded that our internal control over financial reporting was not effective as of December 31, 2024 at the reasonable assurance level, as a result of a material weaknesses primarily related to a lack of a sufficient number of personnel with appropriate training and experience in accounting principles generally accepted in the United States of America, or GAAP, limited or no segregation of duties, and lack of independent directors.

We are currently in the process of evaluating the steps necessary to remediate these material weaknesses.

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

There was no change in our internal control over financial reporting that occurred during the quarterly period ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within any company have been detected.

## PART II OTHER INFORMATION

## ITEM 5. OTHER INFORMATION

None of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the quarter ended December 31, 2024.

## ITEM 6. EXHIBITS

Exhibit Number	Description of Document
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, (filed herewith)</a>
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, (filed herewith)</a>
32	<a href="#">Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</a>
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension 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).



## 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.

### AMERICANN, INC.

Dated: February 14, 2025

By: /s/ Timothy Keogh  
Timothy Keogh  
Principal Executive Officer

By: /s/ Benjamin Barton  
Benjamin Barton  
Principal Financial and Accounting Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULES 13a-14(a) AND 15a-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Timothy Keogh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2024 of AmeriCann, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2025.

By: /s/ Timothy Keogh  
Timothy Keogh  
Principal Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULES 13a-14(a) AND 15a-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Benjamin Barton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2024 of AmeriCann, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2025.

By: /s/ Benjamin Barton  
Benjamin Barton  
Principal Financial 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 on Form 10-Q of AmeriCann, Inc. (the “Company”) for the quarter ended December 31, 2024 as filed with the Securities and Exchange Commission (the “Report”), each of the undersigned, Timothy Keogh, principal executive officer of the Company, and Benjamin Barton, principal financial officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

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

Date: February 14, 2025.

By: /s/ Timothy Keogh  
Timothy Keogh  
Principal Executive Officer

By: /s/ Benjamin Barton  
Benjamin Barton  
Principal Financial Officer