

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

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited interim condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, as may be amended, supplemented or superseded from time to time by other reports we file with the SEC. All amounts in this report are in U.S. dollars, unless otherwise note.

Overview

We are a vertically-integrated, multi-state owner and operator of licensed cannabis cultivation, processing and dispensary facilities in the United States. Although, we are committed to creating a national retail brand and portfolio of branded cannabis products recognized in the United States, cannabis currently remains illegal under U.S. federal law.

Through our subsidiaries, we currently own and/or operate 39 dispensaries and four cultivation and/or processing facilities in seven U.S. states. Pursuant to our existing licenses, interests and contractual arrangements, and subject to regulatory approval, we have the capacity to own and/or operate an uncapped number of dispensary licenses in Florida, and up to ten cultivation, manufacturing and/or processing facilities, and we have the right to manufacture and/or distribute cannabis products in seven U.S. states, all subject to the necessary regulatory approvals.

Our multi-state operations encompass the full spectrum of medical and adult-use cannabis enterprises, including cultivation, processing, product development, wholesale-distribution and retail. Cannabis products offered by us include flower and trim, products containing cannabis flower and trim (such as packaged flower and pre-rolls), cannabis infused products (such as topical creams and edibles) and products containing cannabis extracts (such as vape cartridges, concentrates, live resins, wax products, oils and tinctures). Under U.S. federal law, cannabis is classified as a Schedule I controlled substance under the U.S. Controlled Substances Act. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety use under medical supervision and a high potential for abuse. Other than Epidiolex (cannabidiol), a cannabis-derived product, and three synthetic cannabis-related drug products (Marinol (dronabinol), Syndros (dronabinol) and Cesamet (nabilone), to our knowledge, the U.S. Food and Drug Administration has not approved a marketing application for cannabis for the treatment of any disease or condition and has not approved any cannabis or cannabis-derived products.

Financial Restructuring

The significant disruption of global financial markets, and specifically, the decline in the overall public equity cannabis markets due to the COVID-19 pandemic negatively impacted our ability to secure additional capital, which caused liquidity constraints. In early 2020, due to the liquidity constraints, we attempted to negotiate temporary relief of our interest obligations with the lenders (the "Secured Lenders") of our 13.0% senior secured debentures (the "Secured Notes") issued by our wholly-owned subsidiary, iAnthus Capital Management, LLC ("ICM"). However, we were unable to reach an agreement and did not make interest payments when due and payable to the Secured Lenders or payments that were due to the holders (the "Unsecured Lenders" and together with the Secured Lenders, the "Lenders") of our 8.0% convertible unsecured debentures (the "Unsecured Debentures"). As a result, we defaulted on our obligations pursuant to the Secured Notes and Unsecured Debentures.

On July 10, 2020, we entered into a restructuring support agreement (as amended on June 15, 2021, the "Restructuring Support Agreement") with the Secured Lenders and certain of our Unsecured Lenders (the "Consenting Unsecured Lenders") to effectuate a recapitalization transaction (the "Recapitalization Transaction") which was consummated on June 24, 2022 (the "Closing Date").

In connection with the closing of the Recapitalization Transaction, we issued an aggregate of 6,072,579,705 common shares to the Secured Lenders and the Unsecured Lenders. Specifically, we issued 3,036,289,852 common shares (the "Secured Lender Shares"), or 48.625% of our outstanding common shares, to the Secured Lenders and 3,036,289,853 common shares (the "Unsecured Lender Shares" and together with Secured Lender Shares, the "Shares"), or 48.625% of our outstanding common shares, to the Unsecured Lenders. As of the Closing Date, we had 6,244,297,897 common shares issued and outstanding. As of the Closing Date, the holders of our common shares collectively held 171,718,192 common shares, or 2.75% of our outstanding common shares.

As of the Closing Date, the outstanding principal amount of the Secured Notes (including the interim financing secured notes in the aggregate principal amount of approximately \$14.7 million originally due on July 13, 2025) together with interest accrued and fees thereon were forgiven in part and exchanged for (A) the Secured Lender Shares, (B) the issuance of the 8.0% secured debentures (the "June Secured Debentures") to the lender parties (the "New Secured Lenders") in the aggregate principal amount of \$99.7 million and (C) the issuance of the 8.0% unsecured debentures (the "June Unsecured Debentures") to the Secured Lenders in the aggregate principal amount of \$5.0 million. Also, as of the Closing Date, the outstanding principal amount of the Unsecured Debentures together with interest accrued and fees thereon were forgiven in part and exchanged for (A) the Unsecured Lender Shares and (B) the June Unsecured Debentures in the aggregate principal amount of \$15.0 million. Furthermore, all existing options and warrants to purchase our common shares, including certain debenture warrants and exchange warrants previously issued to the Secured Lenders, the warrants previously issued in connection with the Unsecured Debentures and all other Affected Equity (as defined in the amended and restated plan of arrangement (the "Plan of Arrangement")), were cancelled and extinguished for no consideration.

Registration Rights Agreement

In connection with the consummation of the Recapitalization Transaction, we entered into a registration rights agreement (the "RRA"), dated June 24, 2022, with ICM and certain holders of Registrable Securities (as defined in the RRA) (the "Holders") pursuant to which we shall, upon receipt of written notice (the "Shelf Request") from Holders of at least 15.0% of our outstanding common shares (the "Substantial Holders"), prepare and file (i) with the applicable Canadian Securities Regulators (as defined in the RRA), a Shelf Prospectus (as defined in the RRA) to facilitate a secondary offering of all of the Registrable Securities or (ii) with the Securities and Exchange Commission (the "SEC"), a registration statement on Form S-3 (the "S-3 Registration Statement") covering the resale of all Registrable Securities. In addition, pursuant to the RRA and subject to certain exceptions, the Substantial Holders may request (the "Demand Registration Request") that we file a Prospectus (as defined in the RRA) (other than a Shelf Prospectus) or a registration statement on any form that we are then eligible to use (the "Registration Statement") to facilitate a Distribution (as defined in the RRA) in Canada or the United States of all or any portion of the Registrable Securities (the "Demand Registration") held by the Holders requesting the Demand Registration. Moreover, pursuant to the RRA and subject to certain exceptions, if, at any time, we propose to make a Distribution for our own account, we shall notify the Holders of such Distribution (the "Piggyback Registration") and shall use reasonable commercial efforts to include in the Piggyback Registration such Registrable Securities requested by the Holders be included in such Piggyback Registration.

Investor Rights Agreement

Furthermore, in connection with the closing of the Recapitalization Transaction, we entered into an Investor Rights Agreement ("IRA"), dated June 24, 2022, with ICH, ICM and certain investors (the "Investors"). Pursuant to the IRA, among other things, the Investors are entitled to designate nominees for election or appointment to our Board as follows:

- one investor (the "First Investor") shall be entitled to designate director nominees as follows:
 - i. For so long as the First Investor's Debt Exchange Common Share Percentage (as defined in the IRA) is at least 30.0%, the First Investor shall be entitled to designate up to three individuals as director nominees;
 - ii. For so long as the First Investor's Debt Exchange Common Share Percentage is less than 30.0% but is at least 15.0%, the First Investor shall be entitled to designate up to two individuals as director nominees; and
 - iii. For so long as the First Investor's Debt Exchange Common Share Percentage is less than 15.0% but is at least 5.0%, the First Investor shall be entitled to designate up to one individual as a director nominee.
- a second Investor (the "Second Investor") shall be entitled to designate up to one individual as a director nominee for so long as such Investor's Debt Exchange Common Share Percentage is at least 5.0%.
- a third Investor (the "Third Investor") shall be entitled to designate up to one individual as a director nominee for so long as such Investor's Debt Exchange Common Share Percentage is at least 5.0%.
- a fourth Investor (the "Fourth Investor") shall be entitled to designate up to one individual as a director nominee for so long as such Investor's Debt Exchange Common Share Percentage is at least 5.0%.

Pursuant to the IRA, the Secured Lenders appointed Scott Cohen, Michelle Mathews-Spradlin and Kenneth Gilbert to serve on our Board. Mr. Cohen and Ms. Mathews-Spradlin's appointments were effective as of the Closing Date and Mr. Gilbert's appointment was effective as of August 11, 2022. The Consenting Unsecured Lenders initially appointed Zachary Arrick, Alexander Shoghi and Marco D'Attanasio to serve on our Board effective as of the Closing Date. On September 15, 2022, Mr. D'Attanasio resigned as a member of our Board and audit committee. On February 21, 2023, Mr. Arrick resigned as a member of our Board, compensation, nominating and corporate governance committees. On April 20, 2023, John Paterson was appointed to our Board. Mr. Paterson was nominated as a replacement director for Mr. D'Attanasio by the Investor that initially nominated Mr. D'Attanasio. On March 9, 2024, Mr. Paterson resigned as a member of our Board, audit committee and nominating and corporate governance committee. As of the date hereof, the Consenting Unsecured Lenders have not filled the vacancies on our Board created by Mr. Arrick's or Mr. Paterson's resignations. The directors appointed by the Secured Lenders and Consenting Unsecured Lenders will serve as our directors until our next annual general meeting of shareholders or until their successors are duly elected or appointed.

Pursuant to the IRA, we are required to hire a chief executive officer (and any successor thereto) who has been unanimously approved by the Investors. Upon the chief executive officer taking office (other than an interim chief executive officer), we are obligated to arrange for the chief executive officer to be appointed to our Board. Accordingly, we appointed Richard Proud as a member of our Board upon his appointment as Chief Executive Officer, which had been unanimously approved by the Investors.

Acquisitions

Acquisition of Cheetah

On December 30, 2024, we entered into an Asset Purchase Agreement (the "Cheetah Purchase Agreement") with Cheetah Enterprises, Inc. (the "Cheetah Seller"), pursuant to which, we acquired substantially all of the assets of the Cheetah Seller that relate to and are used in connection with the Cheetah Seller's cannabis wholesale business, including the manufacture, marketing, and sale of cannabis distillate vaporize products in the states of Illinois and Pennsylvania under the "Cheetah" brand (the "Brand"), but excluding certain excluded assets (collectively, the "Cheetah Purchased Assets") together with certain assumed liabilities related to the Cheetah Purchased Assets (the "Cheetah Acquisition"). The purchase price (the "Purchase Price") for the Cheetah Purchased Assets is approximately \$3.5 million, and includes (i) common shares at an aggregate deemed value of approximately \$1.5 million, which we recorded at a fair value of \$1.2 million, to be issued in three (3) tranches; (ii) cash consideration of approximately \$2.0 million payable in four installments, upon the completion of certain performance benchmarks (if the Brand does not meet the performance benchmark by the payment date, such payment date will be delayed until the later of (x) thirty (30) days or (y) until such time the Brand achieves the applicable performance benchmark; provided, payment of the full cash consideration shall not be delayed more than twenty-four (24) months after closing); and (iii) additional consideration based on EBITDA generated by the Brand over the next three years which is payable annually in cash, with the final payment due on or before April 1, 2028.

For further discussion, refer to Note 4 of the unaudited interim condensed consolidated financial statements included in Item I of this Quarterly Report on Form 10-Q for the quarter ended September 30, 2025.

Acquisition of LMS

On December 8, 2017, CGX Life Sciences, Inc. ("CGX"), our wholly-owned subsidiary, entered into two option agreements, as amended, with LMS Wellness, Benefit LLC ("LMS") and William Huber ("Huber"), the sole member of LMS, pursuant to which, CGX was granted an option to acquire 100% ownership of LMS. We exercised our option to acquire LMS on November 22, 2021, subject to regulatory approval by the Maryland Cannabis Administration (the "MCA"). On March 4, 2025, the MCA approved the transfer of 100% of the ownership of LMS to CGX. Our acquisition of LMS was contested by LMS and Huber (see "Part II, Item 1 - Legal Proceedings - Claim by Maryland License Holder" further discussion), but we closed on the acquisition of LMS on April 21, 2025.

Dispositions

Nevada Assets

On February 23, 2024, our wholly-owned subsidiary, GreenMart of Nevada NLV, LLC ("GMNV") entered into an Asset Purchase Agreement (the "NV Purchase Agreement") with an unaffiliated third-party buyer (the "NV Buyer"), pursuant to which, GMNV agreed to sell substantially all of the assets of GMNV to the NV Buyer, including GMNV's co-located medical and adult-use cultivation and production facility in North Las Vegas, Nevada, its adult-use dispensary in Las Vegas, Nevada, and its conditional adult use dispensary licenses to be located in Henderson and Reno, Nevada (the "Business"). After closing adjustments, the aggregate proceeds to be received from the sale are \$5.9 million. Of the total Purchase Price, \$3.5 million is paid in cash at the closing of the NV Purchase Agreement (the "NV Closing") and the remaining balance of the Purchase Price is paid on a quarterly basis, beginning six months after the NV Closing, over 36 months with interest accruing at 8% per annum.

On February 23, 2024, GMNV also entered into a Management Agreement (the "NV Management Agreement"), pursuant to which, the NV Buyer's affiliated entity (the "Manager"), will assume full operational and managerial control of the Business, which was approved by the NV CCB and became effective June 24, 2024 (the "NV Management Agreement Effective Date"). As of the NV Management Agreement Effective Date, all operational control of GMNV was transferred to the Manager and we determined that we no longer had a controlling financial interest as of the NV Management Agreement Effective Date. We recognized an initial gain on deconsolidation of \$2.1 million, which was the carrying value of the net liabilities disposed from deconsolidation on the NV Management Agreement Effective Date, which was presented in "interest and other income" on the consolidated statements of operations for the year ended December 31, 2024.

The NV Closing was subject to, among other customary conditions, receipt of approval of the Nevada Cannabis Compliance Board (the "NV CCB"). On March 20, 2025, we received approval from the NV CCB for the NV Purchase Agreement and transfer of the licenses to the NV Buyer. The effective closing date of the NV Closing is March 31, 2025 (the "NV Closing Date"). On the NV Closing Date, we received \$3.5 million in cash of the Purchase Price, while the remainder is paid through quarterly repayments by way of a promissory note issued by the NV Buyer (the "NV Note"). We recognized a gain of \$5.7 million which is the aggregate fair value of the consideration, which is presented in "interest and other income" on the consolidated statements of operations for the three months ended March 31, 2025.

As of September 30, 2025, the balance including accrued interest with respect to the NV Note is \$2.1 million.

Sale of Certain Arizona Assets

On February 6, 2025, we entered into definitive agreements (the "AZ Purchase Agreements") with an unaffiliated third-party buyer (the "AZ Buyer"), pursuant to which we agreed to sell three dispensaries and two processing/cultivation facilities in Arizona for aggregate consideration of approximately \$36.5 million (the "AZ Transaction"). The AZ Transaction includes two dispensaries, a processing facility and a cultivation/processing facility located in Mesa, Arizona as well as one dispensary located in Phoenix, Arizona (collectively, the "Facilities"). Following the closing of the AZ Transaction, we will continue to operate one dispensary in Mesa, Arizona.

Pursuant to the AZ Purchase Agreements, we agreed to sell and the AZ Buyer agreed to acquire, substantially all of the assets related to or used in connection with the Facilities, including, but not limited to, all cannabis licenses associated with such businesses and related real property (collectively, the "AZ Purchased Assets"), together with certain assumed liabilities related to the AZ Purchased Assets. The closing of the Transaction is subject to customary conditions precedent, including the receipt of applicable consents and regulatory approvals.

The purchase price for the AZ Purchased Assets is approximately \$36.5 million and will consist of approximately \$20 million of cash payable at closing, subject to certain adjustments, and a secured promissory note (the "AZ Note") to be issued by the AZ Buyer in the principal amount of \$16.5 million (the "AZ Note"). The AZ Note will bear interest at a rate of six percent per annum compounded annually, with a term of 66 months.

The AZ Transaction closed on February 14, 2025, with an effective closing date of February 10, 2025, which is the date the AZ Buyer assumed the financial benefit and risk relating to the AZ Purchased Assets. As of February 14, 2025, all closing conditions of the AZ Purchase Agreement had been met and that is the date that the AZ Transaction closed and the AZ Buyer assumed full managerial and operational control of the AZ Purchased Assets. Upon closing, we received cash of \$15.8 million from the AZ Buyer, net of closing adjustments and tax payments, and recognized the fair value the AZ Note at \$13.5 million. We recognized a gain on deconsolidation of \$6.3 million, which was difference between the aggregate fair value of the consideration and the carrying value of the net assets disposed from deconsolidation, which is presented in "interest and other income" on the consolidated statements of operations for the three months ended March 31, 2025.

On August 29, 2025 (the "AZ Note Closing Date"), we entered into and closed a Promissory Note Purchase Agreement ("AZ Note Purchase Agreement") with an unaffiliated third-party buyer (the "AZ Note Purchaser") for the sale of the AZ Note. Pursuant to the AZ Note Purchase Agreement, we agreed to sell, assign, and transfer to the AZ Note Purchaser all of our right, title, and interest in the AZ Note and related security documents (collectively, the "AZ Note Assets"). The aggregate consideration for the AZ Note Assets is \$11.3 million, which is payable as follows: (i) \$10.1 million in cash, subject to certain adjustments for transaction costs, which we received upon the AZ Note Closing Date, and (ii) \$1.2 million to be held in an escrow account to meet any shortfall in amounts, as contained in the Note Purchase Agreement. Any balance outstanding in the escrow account would be transferred to us on the first anniversary of the AZ Note Closing Date.

Prior to the sale of the AZ Note, the balance of the AZ Note including accrued interest was \$12.7 million. Following the AZ Note Closing Date, we recognized a loss of \$1.4 million, which was the difference between the aggregate fair value of the consideration and

the carrying value of the AZ Note, which is presented in "interest and other income" on the unaudited interim condensed consolidated statements of operations for the three and nine months ended September 30, 2025.

Recent Developments

Legal Proceedings

Please refer to Note 11 "Contingencies and Guarantees" of the Notes to Unaudited Interim Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Results of Operations for the Three and Nine Months Ended September 30, 2025 and 2024

Revenues and Gross Profit

(in '000s of U.S. dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenues				
Eastern Region	\$ 33,545	\$ 31,690	\$ 100,117	\$ 94,279
Western Region	1,844	8,596	8,578	30,570
Total revenues	\$ 35,389	\$ 40,286	\$ 108,695	\$ 124,849
Costs and expenses applicable to revenues (exclusive of depreciation and amortization expense)				
Eastern Region	\$ (18,824)	\$ (17,006)	\$ (53,264)	\$ (49,970)
Western Region	(983)	(5,196)	(4,819)	(18,904)
Total costs and expenses applicable to revenues (exclusive of depreciation and amortization expense)	\$ (19,807)	\$ (22,202)	\$ (58,083)	\$ (68,874)
Gross profit				
Eastern Region	\$ 14,721	\$ 14,684	\$ 46,852	\$ 44,309
Western Region	861	3,400	3,760	11,666
Total gross profit	\$ 15,582	\$ 18,084	\$ 50,612	\$ 55,975

The eastern region includes our operations in Florida, Maryland, Massachusetts, New York, New Jersey, as well as our operations under the new Cheetah brand in Illinois and Pennsylvania. The Western region includes our operations in Arizona and Nevada. Results from our Nevada business was included until June 24, 2024, when it was then deconsolidated.

Expenses

(in '000s of U.S. dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Total operating expenses	\$ 19,827	\$ 19,340	\$ 62,237	\$ 62,419
Total other expenses	(4,828)	(4,741)	(2,876)	(12,060)
Income tax expense	3,472	5,645	11,612	16,924

Selling, General and Administrative Expenses Details

(in '000s of U.S. dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Salaries and employee benefits	\$ 7,655	\$ 7,288	\$ 22,532	\$ 21,005
Severance	25	—	67	254
Share-based compensation	453	524	1,518	1,684
Legal and other professional fees	1,168	2,414	5,401	6,319
Facility, insurance and technology costs	3,006	3,113	9,392	9,815
Marketing expenses	1,006	895	3,388	2,677
Travel and pursuit costs	468	326	1,331	825
Amortization on right-of-use assets	527	499	1,536	1,486
Other general corporate expenditures	723	589	2,496	2,372
Total	\$ 15,031	\$ 15,648	\$ 47,661	\$ 46,437

Total operating expenses

Total operating expenses other than those included in costs and expenses applicable to revenues consist of selling, general, and administrative expenses which are necessary to conduct our ordinary business operations. In addition, total operating expenses consist of marketing, technology, and other growth initiatives related expenses such as opening new dispensaries and building-out our facilities, as well as depreciation and amortization charges taken on our fixed and intangible assets, and any write-downs or impairment on our assets. We have taken the necessary measures to control our discretionary spending and employ capital as efficiently as possible. After normalizing for one-time items, we expect total operating expenses to remain consistent over the remainder of 2025 as we continue to employ a disciplined capital allocation approach and continue to closely monitor operating expenditures and discretionary spending.

Total other income and expenses

Total other income and expenses include income and expenses that are not included in the ordinary day-to-day activities of our business. This includes the impact of any debt extinguishments, interest and accretion expenses on our financing arrangements, fair value gains or losses on our financial instruments, gains or losses from the sale of our businesses, and income earned from arrangements that are not from our ordinary revenue streams of retail, wholesale, or the delivery of cannabis products.

Income tax expense

As a company operating in the federally illegal cannabis industry, we are subject to the limitations of Internal Revenue Code Section 280E (“Section 280E”) under which taxpayers are only allowed to deduct expenses directly related to sales of product and no other ordinary business expenses. Our effective tax rate differs from the statutory tax rate and varies from year to year primarily as a result of numerous permanent differences, the provision for income taxes at different rates in foreign and domestic jurisdictions, including changes in enacted statutory tax rate increases or reductions in the period, changes in our valuation allowance based on our recoverability assessments of deferred tax assets and favorable or unfavorable resolution of various tax examinations.

Results of Operations for the Three Months Ended September 30, 2025 and 2024

Eastern region

For the three months ended September 30, 2025, our sales revenues in the eastern region were \$33.5 million as compared to \$31.7 million for the three months ended September 30, 2024, which represents an increase of 5.9%. The main drivers for the increase in revenues are from higher revenues in New Jersey by \$1.1 million, mainly from the continued expansion of the wholesale program and increased production of in-house products in the state. In Maryland, there was a \$0.7 million increase in revenues from the continued expansion of the adult-use program during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024. Additionally, we had recognized additional revenues of \$1.1 million from our new markets, Illinois and Pennsylvania, during the three months ended September 30, 2025, as compared to \$Nil during the three months ended September 30, 2024, following the Cheetah Acquisition. This was partially offset by lower revenues in Florida of \$0.9 million, primarily due to continued competitive pressures which led to price compression and lower sales volume.

For the three months ended September 30, 2025, gross profit was \$14.7 million, or 43.9% of sales revenues, as compared to a gross profit of \$14.7 million, or 46.3% of sales revenues, for the three months ended September 30, 2024. While gross profit was consistent in both quarters, the decline in the gross margin during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024 is primarily attributable to a \$0.6 million decrease in gross profit in Massachusetts due to higher inventory costs, resulting from lower facility output during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024. In Maryland, there was a \$0.3 million decline in gross profit during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024, primarily driven by an unfavorable change in the sales mix, following less activity with our toll processing arrangements which earn high gross margin and increased marketing discounts offered at retail locations. This was partially offset by a \$0.5 million increase in gross profit in Florida, which is attributed to lower inventory costs following higher cultivation output as the outdoor shade house facility was operational during the three months ended September 30, 2025, as compared to temporary facility closures during the three months ended September 30, 2024. In addition, gross profit in New Jersey increased by \$0.4 million, as we continue to produce and sell more higher margin in-house products to meet adult-use demand in the state. Gross profit from the new markets, Illinois and Pennsylvania, was \$0.2 million during the three months ended September 30, 2025, as compared to \$Nil during the three months ended September 30, 2024.

During the three months ended September 30, 2025, approximately 5,880 pounds of plant material was harvested in the eastern region as compared to approximately 8,750 pounds harvested during the three months ended September 30, 2024. The decrease in harvested plant material is primarily attributable to the timing of harvests in Florida and Massachusetts during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024. The decrease was partially offset by an increase in harvested plant material in New Jersey at the Pleasantville facility following the continued expansion of operations to meet demand under the adult-use program during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024.

Western region

For the three months ended September 30, 2025, our sales revenues in the western region were \$1.8 million as compared to \$8.6 million for the three months ended September 30, 2024, which represents a decrease of 78.5%. The decrease in sales revenues is attributable to the deconsolidation of Nevada operations as of June 24, 2024, and the deconsolidation of three dispensaries and two facility sites in Arizona, following the AZ Transaction.

For the three months ended September 30, 2025, gross profit was \$0.9 million, or 46.7% of sales revenues, as compared to a gross profit of \$3.4 million, or 39.5% of sales revenues, for the three months ended September 30, 2024. The lower gross profit is attributable to the reduced operational activity in the western region during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024, following the deconsolidation of our operations in Nevada and certain assets in Arizona. Notwithstanding the decrease in gross profit, the increase in gross margin is primarily attributable to a favorable sales mix within the western region, as there were no wholesale revenues recognized from both Arizona and Nevada markets during the three months ended September 30, 2025, as compared to \$0.2 million of wholesale revenues recognized during the three months ended September 30, 2024, which typically earn lower gross margin. In addition, during prior periods, we sold more in-house products that included higher inventory costs incurred from higher facility costs, which during the three months ended September 30, 2025 is no longer applicable as we sell only third-party products at the Crimson dispensary.

During the three months ended September 30, 2025, there was no production activity in the western region as a result of the sale of our Nevada and Arizona facilities. This compared to approximately 710 pounds harvested during the three months ended September 30, 2024.

Total operating expenses

For the three months ended September 30, 2025, our total operating expenses were \$19.8 million as compared to \$19.3 million for the three months ended September 30, 2024, which represents an increase of 2.5%.

The increase in total operating expenses was primarily attributable to a \$2.6 million increase in net write-downs, recoveries, and other charges during the three months ended September 30, 2025 as compared to the three months ended September 30, 2024. There was \$1.9 million in recoveries during the three months ended September 30, 2024, attributed to a \$2.2 million gain recognized from the disposal of assets in Massachusetts, partially offset by additional credit loss provisions of \$0.3 million during the quarter. This compares to \$0.7 million in write-downs during the three months ended September 30, 2025, from additional credit loss provisions of \$0.2 million and a write-off of \$0.5 million related to a portion of the promissory notes recognized from the sale of assets in Massachusetts in 2024.

The increase in total operating expenses was partially offset by a decrease of \$0.6 million in our selling, general, and administrative expenses which is attributable to: \$1.1 million decrease of legal, marketing and other professional fees during the three months ended

September 30, 2025 as compared to the three months ended September 30, 2024; and a combined \$0.2 million decrease in facility costs and share-based compensation from less grants of restricted stock units to employees during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024. This was partially offset by \$0.4 million increase in our salaries, severance and employee expenses from higher emoluments during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024; and a combined \$0.3 million increase of general corporate expenditures, and travel and pursuit costs, during the three months ended September 30, 2025 as compared to the three months ended September 30, 2024.

In addition, the increase in total operating expenses was partially offset by a \$1.5 million decrease in our depreciation and amortization expenses during the three months ended September 30, 2025 as compared to the three months ended September 30, 2024. We had a lower depreciable fixed and intangible asset base following the Arizona and Nevada divestitures. In addition, certain property, plant, and equipment as well as intangible assets were fully depreciated during 2024. This was partially offset by an increase in our total fixed assets base expanded by \$8.4 million from capital additions, during the three months ended September 30, 2025, from ongoing expansion projects in Florida, New York and Maryland.

Total other income and expenses

For the three months ended September 30, 2025, our total other expenses were \$4.8 million as compared to total other expenses of \$4.7 million for the three months ended September 30, 2024, which represents an increase of 1.8%.

The increase in total other expenses during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024 is mainly attributable to a \$0.3 million decrease in other income, from a \$1.4 million loss on the sale of the AZ Note; \$0.2 million decrease in other non-operating income from sublease, license fee, and ATM revenues collected from our various store locations during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024. This was partially offset by \$0.8 million decrease in settlement expenditures; \$0.4 million in higher interest income mainly related to the promissory notes for the Arizona and Nevada transactions; \$0.1 million increase in employee retention tax credit refunds during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024.

In addition, total other expenses decreased by \$0.2 million from lower interest expense charged on the deferred professional fees as the principal balance has significantly decreased during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024. Accretion expense and losses from fluctuations in the fair value of financial instruments have remained consistent during the three months ended September 30, 2025 and 2024.

Income tax expense

For the three months ended September 30, 2025, our income tax expense was \$3.5 million as compared to \$5.6 million for the three months ended September 30, 2024, which represents a decrease of 38.5%. The decrease in income tax expense is attributable to certain non-deductible items and mix of our pre-tax income across various jurisdictions, impacting our effective tax rate during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024.

Results of Operations for the Nine Months Ended September 30, 2025 and 2024

Eastern region

For the nine months ended September 30, 2025, our sales revenues in the eastern region were \$100.1 million as compared to \$94.3 million for the nine months ended September 30, 2024, which represents an increase of 6.2%. The main drivers for the increase in revenues are from higher revenues in New Jersey of \$3.1 million, mainly from the continued expansion of the wholesale program and increased production and sale of our in-house products within the state. Additionally, we had recognized \$3.1 million in wholesale revenues in Illinois and Pennsylvania during the nine months ended September 30, 2025, as compared to \$Nil in the nine months ended September 30, 2024, following the Cheetah Acquisition.

For the nine months ended September 30, 2025, gross profit was \$46.9 million, or 46.8% of sales revenues, as compared to a gross profit of \$44.3 million, or 47.0% of sales revenues, for the nine months ended September 30, 2024. Gross profit increased in New Jersey by a combined \$1.6 million as we continue to produce and sell more higher margin in-house products to meet adult-use demand during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024. There was \$0.9 million increase in gross profit in Florida, which is attributed to lower inventory costs following higher cultivation output as the outdoor shade house facility was operational during the nine months ended September 30, 2025, as compared to temporary facility closures during the nine months ended September 30, 2024. Gross profit earned in Illinois and Pennsylvania was \$0.9 million during the nine months ended September 30, 2025, as compared to \$Nil during the nine months ended September 30, 2024. This was partially

offset by \$0.9 million decrease in gross profit in Massachusetts due to higher inventory costs, resulting from lower facility output during the nine months ended September 30, 2025.

During the nine months ended September 30, 2025, approximately 31,680 pounds of plant material was harvested in the eastern region as compared to approximately 37,440 pounds harvested during the nine months ended September 30, 2024. The decrease in harvested plant material is primarily attributed to lower harvested volumes in Florida following the impact of Hurricane Milton on the operating capacity at the shade house at the end of 2024 and the start of 2025; and due to the timing of harvests in Massachusetts during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024. The decrease was partially offset by an increase in harvested plant material in New Jersey primarily attributable to increased cultivation and production activities at the Pleasantville facility following the continued expansion of operations to meet demand under the adult-use program during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024.

Western region

For the nine months ended September 30, 2025, our sales revenues in the western region were \$8.6 million as compared to \$30.6 million for the nine months ended September 30, 2024, which represents a decrease of 71.9%. The decrease in revenues in the western region is attributed to the deconsolidation of Nevada operations as of June 24, 2024, and the deconsolidation of three dispensaries and two facility sites in Arizona, following the AZ Transaction.

For the nine months ended September 30, 2025, gross profit was \$3.8 million, or 43.8% of sales revenues, as compared to a gross profit of \$11.7 million, or 38.2% of sales revenues, for the nine months ended September 30, 2024. The lower gross profit is attributable to the reduced operational activity in the western region during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, following the divestitures in Nevada and certain assets in Arizona. Despite the decrease in gross profit, the increase in gross margin is primarily attributable to a favorable sales mix, wholesale revenues recognized in Arizona and Nevada were significantly lower during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, which earn lower gross margin.

During the nine months ended September 30, 2025, approximately 560 pounds of plant material was harvested in the western region as compared to approximately 3,610 pounds harvested during the nine months ended September 30, 2024. The decrease is attributed to the divestitures of our Arizona and Nevada facilities.

Total operating expenses

For the nine months ended September 30, 2025, our total operating expenses were \$62.2 million as compared to \$62.4 million for the nine months ended September 30, 2024, which represents a decrease of 0.3%.

The decrease in total operating expenses is attributed to a \$4.8 million decrease in our depreciation and amortization expenses during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024. We had a lower depreciable fixed and intangible asset base following the Arizona and Nevada divestitures. In addition, certain property, plant, and equipment as well as intangible assets were depreciated fully in 2024. Nevertheless, the asset base has expanded by \$16.8 million in capital additions, during the nine months ended September 30, 2025, for ongoing projects in Florida, New York and Maryland.

The decrease in total operating expenses resulted from an increase of \$1.2 million in our selling, general, and administrative expenses which is attributable to: \$1.3 million increase in our salaries, severance and employee expenses from higher emoluments during the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024; \$1.2 million increase in marketing, travel and pursuit costs, attributed to increased advertising and promotional events during the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024; and a \$0.2 million increase in other general corporate expenditures. This was partially offset by \$0.9 million decrease of legal, and other professional fees during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024; \$0.4 million decrease in facility, insurance and technology costs during the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024, mainly from lower rent and security charges; and \$0.2 million decrease in share-based compensation from fewer grants of restricted stock units to employees.

In addition, the decrease in total operating expenses was attributable to a \$3.4 million increase in write-downs, (recoveries) and other charges during the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024. There was \$1.2 million in recoveries during the nine months ended September 30, 2024, attributed to a \$2.2 million gain recognized from the disposal of the assets in Massachusetts, partially offset by additional credit loss provisions of \$0.8 million and settlement costs of \$0.3 million recognized during the nine months ended September 30, 2024. This compares to \$2.2 million in write-downs during the nine months

ended September 30, 2025 from write-off of \$1.8 million related to a portion of the promissory notes recognized from the sale of assets in Massachusetts in 2024, and credit loss provisions of \$0.4 million.

Total other income and expenses

For the nine months ended September 30, 2025, our total other expenses were \$2.9 million as compared to total other expenses of \$12.1 million for the nine months ended September 30, 2024, which represents a decrease of 76.2%.

The decrease in total other expenses during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, is mainly attributable to a \$8.9 million increase in other income, resulting from: a \$6.3 million gain on the AZ Transaction; \$3.5 million gain following the closing of the Nevada divestiture; \$3.4 million from employee tax credit refunds received during the nine months ended September 30, 2025; \$1.0 million in deferred professional fees forgiveness; and \$1.0 million in interest income earned from the promissory notes recognized from the Arizona and Nevada transactions. Other income was partially offset by a \$4.7 million increase in settlement expenditures during the nine months ended September 30, 2025; \$1.4 million loss on sale of the AZ Note; \$0.2 million decrease in other non-operating income from sublease, license fee, and ATM revenues collected from our various store locations during the nine months ended September 30, 2025.

In addition, total other expenses decreased by \$0.2 million due to: lower interest on the outstanding deferred professional fees as the principal balance has reduced significantly from repayments made during the year; decrease in loss on debt extinguishment related to the February 16, 2024 amendment to the Senior Secured Bridge Notes; and a small increase in losses from fluctuations in the fair value of financial instruments, partially offset by \$0.2 million increase in accretion expenses during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024.

Income tax expense

For the nine months ended September 30, 2025, our income tax expense was \$11.6 million as compared to \$16.9 million for the nine months ended September 30, 2024, which represents a decrease of 31.4%. The decrease in income tax expense is attributable to certain non-deductible items and the mix of pre-tax income across various jurisdictions, impacting our effective tax rate during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024.

Liquidity and Capital Resources

As of September 30, 2025, we held unrestricted cash of \$17.2 million (December 31, 2024—\$18.5 million), an accumulated deficit of \$1,361.4 million (December 31, 2024—\$1,335.3 million) and a working capital deficit of \$17.8 million (December 31, 2024—\$0.7 million). In assessing our liquidity, we monitor our cash on-hand and our expenditures required to execute our day-to-day operations and our long-term strategic plans. To date, we have financed our operations through equity and debt financings and from our cash flows from operations. We expect to finance our upcoming capital plans through a combination of additional financings, divestitures of certain assets and cash flows from our operations. However, we may be unable to raise additional funds when needed and on favorable terms, or at all, which may have a negative impact on our financial condition and could force us to curtail or cease our operations. Furthermore, our outstanding debt instruments impose certain restrictions on our operating and financing activities, including certain restrictions on our ability to incur certain additional indebtedness, grant liens, make certain dividends and other payment restrictions affecting our subsidiaries, issue shares or convertible securities and sell certain assets. Even if we believe we have sufficient funds for our current or future plans, we may seek additional capital due to favorable market conditions and/or for strategic opportunities and initiatives.

Going Concern

The accompanying unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that we will continue to operate as a going concern, and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Our ability to continue as a going concern is dependent upon our ability to raise additional capital, our ability to achieve sustainable revenues and profitable operations, and our ability to obtain the necessary capital to meet our obligations and repay our liabilities when they become due.

While we believe that we have funding necessary for us to continue as a going concern, we may need to raise additional capital and there can be no assurance that such capital will be available to us on favorable terms, if at all. As such, these material circumstances cast substantial doubt on our ability to continue as a going concern for a period of no less than 12 months from the date of this report, and our unaudited interim condensed consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently plan due to incorrect assumptions or due to a decision to expand our activities beyond those currently planned.

Cash Flow for the Nine Months Ended September 30, 2025, as Compared to the Nine Months Ended September 30, 2024

Operating Activities

Our net cash flows from operating activities are affected by several factors, including revenues generated by operations, increases or decreases in our operating expenses, including expenses related to new capital projects and development and expansion of newly acquired businesses and the level of cash collections from our customers.

Net cash provided from operating activities during the nine months ended September 30, 2025 was \$1.2 million as compared to \$10.7 million for the nine months ended September 30, 2024. The decrease in our net cash provided from operating activities during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, was due primarily to the following: our net loss of \$26.1 million, adjusted for \$13.9 million of depreciation and amortization expense; \$12.4 million in interest expense; \$0.9 million in interest income earned from the Arizona and Nevada promissory notes; \$1.5 million in share-based compensation expense; \$3.6 million of accretion expense; \$12.1 million gain from deconsolidation from our Nevada and Arizona operations; less than \$0.1 million loss on our equity method investment and from changes in fair value of financial instruments; a decrease in inventory reserves of \$0.1 million; \$2.2 million in write-downs and other charges, from provisions made against the Massachusetts promissory note and credit loss provisions; \$1.4 million loss from the sale of the AZ Note; and \$5.3 million from changes in operating assets and liabilities items during the nine months ended September 30, 2025.

Changes in other operating assets for the nine months ended September 30, 2025 include an increase in cash from inventory of \$4.0 million due to the timing of purchases, higher sales volumes in both Maryland and New Jersey, as well as, a ramp up of Cheetah products following the Cheetah Acquisition, during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, a decrease in accounts receivable of \$6.4 million from higher wholesale sales and the timing of collections during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, and an increase in prepaid expenses of \$0.9 million during the nine months ended September 30, 2025, mainly relating to timing of prepayments during the period, including licenses, and partially offset by monthly amortization of licenses, insurance and rent, as compared to the nine months ended September 30, 2024.

Changes in other operating liabilities for the nine months ended September 30, 2025 include a decrease in uncertain tax position liabilities of \$52.7 million due to accrued income taxes being recognized as an uncertain tax position during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, an increase in accrued and other current liabilities of \$46.0 million from additional accrued income taxes and certain amended tax liabilities being reclassified to uncertain tax positions, and a decrease in accounts payable of \$2.2 million, mainly a function of the timing of purchases, as compared to the nine months ended September 30, 2024.

As we continue to expand our operations and as these operations become more established, we continue to expect cash flow to be provided from operations, and we intend to place less reliance on financing from other sources to fund our operations. Although, we expect to continue to have positive cash flows from operations in 2025, no assurance can be given that we will have positive cash flows in the future.

Investing Activities

Net cash provided by investing activities during the nine months ended September 30, 2025 was \$9.9 million as compared to net cash used in investing activities of \$2.8 million during the nine months ended September 30, 2024. The increase in cash from investing activities was primarily attributable to: \$15.8 million proceeds received from the AZ Transaction; \$10.1 million in proceeds received from the sale of the AZ Note; \$1.7 million in payments received from the Arizona and Nevada promissory notes during the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024; and capital contribution to our investments in associates was \$Nil during the nine months ended September 30, 2025, as compared to \$0.3 million during the nine months ended September 30, 2024. This was partially offset by \$14.0 million in higher capital expenditures for funding cultivation, processing and dispensary projects in Florida, Maryland, New York, and New Jersey; \$0.2 million decrease in other intangible assets expenditures primarily related to software development; and \$0.9 million in consideration payments related to the Cheetah Acquisition during the nine months ended September 30, 2025, as compared to \$Nil the nine months ended September 30, 2024.

Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2025 was \$12.2 million as compared to net cash used in financing activities of \$0.2 million for the nine months ended September 30, 2024. We repaid \$12.1 million of debt during the nine months ended September 30, 2025, as compared to less than \$0.1 million during the nine months ended September 30, 2024. In addition, we paid \$0.1 million on our employees' behalf as part of RSUs issuances during the nine months ended September 30, 2025 and 2024.

Related Party Transactions

Upon the closing of the Recapitalization Transaction, certain of our lenders held greater than 5% of the voting interests in our Company and therefore are classified as related parties. For further discussion, refer to Note 4 of the unaudited interim condensed consolidated financial statements included in Item I of this Quarterly Report on Form 10-Q for the quarter ended September 30, 2025.

Pursuant to the terms of the Secured DPA, we have a related party payable of \$6.3 million due to certain of the New Secured Lenders, including Gotham Green Fund I, L.P., Gotham Green Fund I (Q), L.P., Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P., Oasis Investment Master II Fund LTD., Senvest Global (KY), LP, Senvest Master Fund, LP and Hadron Healthcare and Consumer Special Opportunities Master Fund, for certain out-of-pocket costs, charges, fees, taxes and other expenses incurred by the New Secured Lenders in connection with the closing of the Recapitalization Transaction (the "Deferred Professional Fees"). These New Secured Lenders held greater than 5.0% of the outstanding common shares of the Company upon the closing of the Recapitalization Transaction and are therefore considered to be related parties. We had until December 31, 2022, to pay the Deferred Professional Fees ratably based on the amount of each New Secured Lender's Deferred Professional Fees. The Deferred Professional Fees accrued simple interest at the rate of 12.0% from the Closing Date until December 31, 2022. Beginning with the first business day of the month following December 31, 2022, interest shall accrue on the Deferred Professional Fees at the rate of 20.0% calculated on a daily basis and is payable on the first business day of every month until the Deferred Professional Fees and accrued interest thereon is paid in full. On February 5, 2025, we entered into consent and release agreement with Secured Lenders to utilize cash proceeds upon the closing of the AZ Transaction to payments in the amount of \$5.0 million towards the principal amount outstanding under the Deferred Professional Fees. In addition, the Secured Lenders agreed to reduce the outstanding amount of the Deferred Professional fees by \$1.0 million and reduce interest to 8% on the remaining balance. On September 2, 2025, the Company applied cash proceeds from the sale of the AZ Note, utilizing \$0.3 million toward the remaining principal and \$0.9 million toward accrued interest under the Deferred Professional Fees. As of September 30, 2025, the outstanding related party portion of the Deferred Professional Fees including accrued interest was \$2.2 million (December 31, 2024 – \$9.2 million). The related party balance is presented in accrued and other current liabilities on the unaudited interim condensed consolidated balance sheets.

Pursuant to the terms of 2024 NJ Amendment, interest accruing after February 16, 2024 will be payable in cash on the last day of each fiscal quarter (the first such interest payment date being May 16, 2024). As of September 30, 2025 the outstanding related party portion of the interest payable was \$0.1 million (December 31, 2024 - \$0.2 million) presented in accrued and other current liabilities on the unaudited interim condensed consolidated balance sheets.

Critical Accounting Policies and Accounting Estimates

The preparation of our unaudited interim condensed consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America and our discussion and analysis of our financial condition and operating results require our management to make judgments, assumptions and estimates that affect the amounts reported. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Our significant accounting policies and estimates are described in Note 2, “Summary of Significant Accounting Policies,” of the Notes to Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the SEC on March 24, 2025 which describes the significant accounting policies and methods used in the preparation of our consolidated financial statements.

Effective January 1, 2025, the Company has noted a change in accounting estimate with respect to inventory valuation. Please refer to Note 1(h), “Organization and Description of Business,” of the Notes to Unaudited Interim Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

There have been no other material changes to our critical accounting policies and estimates from the date upon which we filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 with the SEC.

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”) was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the “Securities Act”) for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We have chosen to take advantage of the extended transition periods available to emerging growth companies under the JOBS Act for complying with new or revised accounting standards until those standards would otherwise apply to private companies provided under the JOBS Act. As a result, our financial statements may not be comparable to those of companies that comply with public company effective dates for complying with new or revised accounting standards.

Subject to certain conditions set forth in the JOBS Act, as an “emerging growth company,” we intend to rely on certain of these exemptions, including, without limitation, with respect to (i) providing an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, as amended, and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an “emerging growth company” until the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of \$1.235 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common equity securities under an effective registration statement under the Securities Act; (iii) the date on which we have issued more than \$1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.