

Fluent Corp.
(formerly Consortium Inc.)

**Condensed Interim Consolidated Financial Statements
(Unaudited)**

**For the three and nine months ended
September 30, 2025 and 2024**

(Expressed in thousands of United States Dollars unless otherwise stated)

Fluent Corp.

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Fluent Corp.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

As of September 30, 2025 and December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

	Notes	September 30, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents (includes \$4,500 of restricted cash)		\$ 15,112	\$ 40,106
Accounts receivable		862	422
Biological assets	4	3,112	3,162
Inventory, net	5	15,795	15,155
Prepaid expenses and other current assets	6	2,826	2,587
Total current assets		\$ 37,707	\$ 61,432
Property and equipment, net	7	54,549	52,200
Right-of-use assets, net	15	68,585	46,731
Intangible assets, net	8	37,259	37,590
Goodwill	9	1,525	1,525
Deferred tax assets	11	1,899	1,039
Other assets	10	2,107	6,476
Total assets		\$ 203,631	\$ 206,993
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable		\$ 5,343	\$ 6,332
Accrued expenses		9,852	8,423
Income taxes payable	11	-	1,003
Derivative liabilities	12	1,616	2,148
Short term provision liability	13	-	4,957
Current portion of notes payable	14	1,983	755
Lease obligations - current portion	15	5,572	4,751
Total current liabilities		\$ 24,366	\$ 28,369
Long-term liabilities			
Notes payable, net of current portion and financing costs	14	70,202	68,775
Lease liabilities, net of current portion	15	70,806	51,727
Deferred tax liability	11	4,708	4,817
Uncertain tax position	11	55,994	43,314
Long term provision liability	13	7,414	9,044
Convertible notes, net	14	7,258	6,482
Other long-term liabilities		3,447	3,447
Total long-term liabilities		\$ 219,829	\$ 187,606
Total liabilities		\$ 244,195	\$ 215,975
Shareholders' equity			
Share capital	16	206,629	206,419
Share-based compensation reserve	16	7,492	7,275
Equity conversion feature	16	7,097	7,097
Warrants		29,634	29,634
Accumulated deficit		(290,220)	(258,211)
Accumulated other comprehensive loss		(1,196)	(1,196)
Total shareholders' equity		\$ (40,564)	\$ (8,982)
Total liabilities and shareholders' equity		\$ 203,631	\$ 206,993

Other notes include:

Nature of Operations (Note 1)
 Basis of Presentation (Note 2)
 Business Combination (Note 3)
 Commitments and Contingencies (Note 18)
 Related-Party Transactions (Note 19)
 Financial Instruments and Financial Risk (Note 20)
 Capital Management (Note 21)
 Supplemental Cash Flow Information (23)
 Employee Retention Tax Credits (Note 24)
 Subsequent Events (Note 25)

Approved on behalf of the Board:

Dave Vautrin
 Chief Executive Officer (Interim)

Patricia Fonseca
 Chief Financial Officer

Fluent Corp.

**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Loss (unaudited)
For the three and nine months ended September 30, 2025 and 2024**

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

	Notes	For the three months ended		For the nine months ended	
		September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue, net of discounts		\$ 26,037	\$ 26,147	\$ 79,485	\$ 78,643
Cost of goods sold		18,008	11,859	48,503	38,315
Gross profit before fair value adjustments		8,029	14,288	30,982	40,328
Fair value adjustments on inventory sold	4	611	(2,099)	(1,876)	(2,259)
Unrealized gain (loss) on changes in fair value of biological assets	4	(551)	(611)	1,475	8,704
Gross profit		8,089	11,578	30,581	46,773
Expenses					
General and administrative	17	4,319	3,913	13,325	12,483
Sales and marketing	17	5,685	5,846	18,507	17,298
Depreciation and amortization	7, 8	2,005	1,737	6,184	5,247
Share-based compensation	16, 19	(101)	228	217	419
Total expenses		11,908	11,724	38,233	35,447
Income (loss) from operations		(3,819)	(146)	(7,652)	11,326
Other expense (income)					
Finance costs, net	22	5,535	5,154	15,606	14,700
Change in fair value of derivative liability	12	144	(898)	(532)	(8,292)
Change in remeasurement of provision liability	13	67	-	(4,723)	-
Loss on disposal of assets		343	-	519	212
Loss from termination of a contract		6	-	6	5
Other expense (income)		45	-	15	-
Total other (income) expense		6,140	4,256	10,891	6,625
Income (loss) before income taxes		(9,959)	(4,402)	(18,543)	4,701
Income tax expense	11	3,628	7,379	13,466	19,700
Net comprehensive income (loss)		\$ (13,587)	\$ (11,781)	\$ (32,009)	\$ (14,999)
Net loss per share					
Basic and diluted - continuing operations		\$ (0.02)	\$ (0.04)	\$ (0.06)	\$ (0.05)
Weighted average number of shares					
Basic number of shares	16	604,753,362	300,522,916	517,497,692	299,617,665
Diluted number of shares	16	700,549,856	341,807,051	697,326,649	341,616,139

Fluent Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (unaudited)

For the nine months ended September 30, 2025 and the twelve months ended December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

	Share capital			Reserves					Total shareholders' equity
	Number of unrestricted common shares	Number of exchangeable shares	Amount	Share-based compensation reserve	Equity conversion feature	Warrants	Accumulated deficit	Accumulated other comprehensive loss	
Balance, December 31, 2023	299,529,367	-	\$ 183,690	\$ 6,739	\$ 6,677	\$ 29,634	\$ (217,821)	\$ (334)	\$ 8,585
Common shares issued in business combination (Note 16 c.)	171,547,344	-	12,014	-	-	-	-	-	12,014
Exchangeable shares issued in business combination (Note 16 b.)	-	153,069,395	10,715	-	-	-	-	-	10,715
Restricted stock units and options (Note 16)	364,845	-	-	306	-	-	-	-	306
Shares issued for board fees (Note 16 a.)	865,382	-	-	230	-	-	-	-	230
Issuance of Bridge Note (Note 14 h.)	-	-	-	-	420	-	-	-	420
Net loss	-	-	-	-	-	-	(40,390)	-	(40,390)
Other comprehensive loss, net of tax	-	-	-	-	-	-	-	(862)	(862)
Balance, December 31, 2024	472,306,938	153,069,395	\$ 206,419	\$ 7,275	\$ 7,097	\$ 29,634	\$ (258,211)	\$ (1,196)	\$ (8,982)
Shares issued for board fees (Note 16 d.)	4,407,063	-	-	138	-	-	-	-	138
Restricted stock units and options (Note 16)	4,058,476	-	-	79	-	-	-	-	79
Conversion of Exchangeable Shares	153,069,395	(153,069,395)	-	-	-	-	-	-	-
Private placement issuance of shares and warrants (Note 16 g.)	3,500,000	-	210	-	-	-	-	-	210
Net loss	-	-	-	-	-	-	(32,009)	-	(32,009)
Balance, September 30, 2025	637,341,872	-	\$ 206,629	\$ 7,492	\$ 7,097	\$ 29,634	\$ (290,220)	\$ (1,196)	\$ (40,564)

Fluent Corp.**Condensed Interim Consolidated Statements of Cash Flows (unaudited)****For the nine months ended September 30, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

	For the nine months ended September 30,	
	2025	2024
Cash flows provided by operating activities		
Net loss	\$ (32,009)	\$ (14,999)
Adjustments for non-cash items:		
Unrealized gain on changes in fair value of biological assets	(1,475)	(8,704)
Realized loss on fair value amounts included in inventory sold	1,876	2,259
Share-based compensation expense	217	419
Depreciation and amortization	17,853	11,366
Accretion and interest expense	16,118	14,680
Loss on disposition of fixed assets	490	212
Gain on remeasurement of provision liability	(4,654)	-
Loss on lease modification	2	-
Loss on termination of contract	6	-
Loss on loan modification	36	-
Net change in fair value of derivative	(532)	(8,292)
Uncertain tax position	12,680	38,816
Deferred tax expense	(969)	4,835
Net change in non-cash working capital		
Accounts receivable	(440)	164
Biological assets	(16,977)	(11,294)
Inventory	15,986	10,944
Prepaid expenses and other current assets	1,802	960
Right of use assets/liabilities	(10,097)	(3,520)
Other assets	4,369	(466)
Accounts payable	(2,993)	2,510
Accrued expenses	709	(4,354)
Other long-term liabilities	-	(435)
Income taxes	(1,003)	(18,672)
Net cash provided by operating activities	\$ 995	\$ 16,429
Cash flows used in investing activities		
Purchases of property and equipment	(14,119)	(10,543)
Purchase of intangible assets	(318)	(1,332)
Net cash used in investing activities	\$ (14,437)	\$ (11,875)
Cash flows used in financing activities		
Net proceeds from issuance of shares and warrants	210	-
Proceeds from issuance of convertible debenture and warrants	-	3,983
Payment of lease obligations	(3,433)	(2,126)
Net proceeds from equipment loan	-	48
Principal and interest repayments of notes payable	(8,329)	(8,048)
Net cash used in financing activities	\$ (11,552)	\$ (6,143)
Net decrease in cash	(24,994)	(1,589)
Cash, beginning of period	40,106	10,521
Cash, end of period	\$ 15,112	\$ 8,932

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

Fluent Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2025 and December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

1. Nature of Operations

Fluent Corp. (formerly Cansortium Inc.) was incorporated under the laws of the Province of Ontario, Canada pursuant to the Ontario Business Corporations Act. ("OBCA") on August 31, 2018. The Company's registered office is located at 365 Bay Street, Suite 800, Toronto, Ontario, M5H2V1 and its head office is located at 5540 W. Executive Drive, Suite 100, Tampa, Florida 33609.

The Company, through its subsidiaries, is licensed to produce and sell medical cannabis in Florida and Texas and is licensed to sell medical cannabis in Pennsylvania. In Pennsylvania, the Company's product portfolio is comprised of a variety of third-party branded medical cannabis products.

Through its acquisition of RIV Capital Inc. on December 19, 2024, the Company is licensed to produce and sell both medical and adult-use cannabis in New York. See Note 3 for further details.

The Company's medical and adult-use cannabis products are offered in oral drops, capsules, topicals, syringes, dried flower, pre-rolls, cartridges, concentrates, and edibles.

The Company's operations are organized into four operating segments, resulting in one reportable segment. All revenues for the three and nine months ended September 30, 2025 and 2024 were generated in the United States.

2. Basis of Preparation

(a) Statement of compliance

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due for the near future.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 20, 2025.

The Company has evaluated the applicability of the IFRS Sustainability Disclosure Standards, including IFRS S1 and IFRS S2, for the current reporting period. The Company operates exclusively through indoor cannabis cultivation facilities and, based on this model, has assessed its direct exposure to climate-related physical risks as limited.

However, the Company acknowledges that indoor operations may still contribute to environmental impact through high energy consumption, reliance on artificial lighting and HVAC systems, water usage, and waste generation. These activities may give rise to transitional risks over time, including changes in energy regulation, carbon pricing mechanisms, local environmental ordinances, and stakeholder expectations regarding sustainability performance.

While climate-related risks and opportunities are not currently assessed as material to the Company's financial position, performance, or prospects, management continues to monitor evolving regulatory and market developments. The applicability of IFRS S1 and IFRS S2 will be reassessed periodically to ensure ongoing compliance with sustainability-related disclosure requirements.

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***(b) Basis of measurement**

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets, derivative and provision liabilities, and biological assets which are measured at fair value at the financial reporting date.

Historical cost is the fair value of the consideration given in exchange for goods and services measured at the time of the transaction.

(c) Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its wholly and majority-owned subsidiaries. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are substantive are considered. Non-controlling interests in the equity of consolidated subsidiaries are shown separately in the consolidated statement of income (loss) and comprehensive income (loss) and in the consolidated statement of changes in shareholders' equity. The results of subsidiaries acquired during the year are consolidated from the date of acquisition. All intercompany balances and transactions are eliminated on consolidation. The information below lists the Company's subsidiaries that are included in these condensed interim consolidated financial statements and the ownership interest held as of September 30, 2025 and December 31, 2024, respectively.

	% Ownership	% Ownership
	September 30, 2025	December 31, 2024
Cansortium Holdings LLC	100%	100%
Cansortium Pennsylvania, LLC	100%	100%
Cansortium Puerto Rico, LLC	100%	100%
Cansortium Texas, LLC	100%	100%
Cansortium Canada Holdings Inc.	100%	100%
Fluent Servicing, LLC	100%	100%
Cansortium Brazil Ltda.	100%	100%
Cansortium Florida, LLC	100%	100%
Cansortium Colombia S.A.S.	50%	50%
Spirit Lake Road Nursery, LLC	100%	100%
Cavern Capital Holdings LLC	100%	100%
Fluent Hemp LLC	100%	100%
Cansortium International Inc.	100%	100%
Trick Tail Capital LLC	100%	100%
RIV Capital Inc.	100%	100%
2683922 Ontario Inc.	100%	100%
RIV Capital US Corp.	100%	100%
RIV Capital US Services LLC	100%	100%
Allgro Holdings LLC	100%	100%
Etain, LLC	100%	100%

Fluent Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2025 and December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

(d) Material accounting policy information

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*, following the same accounting policies and methods of application as those disclosed in the annual audited consolidated financial statements for the years ended December 31, 2024, and 2023. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the years ended December 31, 2024, and 2023, including the accompanying notes thereto.

(e) Critical accounting judgments, estimates and assumptions

The preparation of the Company's condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and revenue and expenses. 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 review affects both current and future periods.

Critical judgments, estimates and assumptions that have the most significant effect on the amounts recognized on these condensed interim consolidated financial statements have been set out in Note 4 of the audited annual consolidated financial statements for the years ended December 31, 2024, and 2023.

(f) Accounting standards and amendments issued and adopted

Certain new accounting standards, amendments, and interpretations have been published that are effective in the current period and are either not applicable to the Company or have been assessed by the Company and do not have a material impact on results.

(g) Accounting standards and amendments issued but not yet adopted or effective

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which replaces IAS 1, *Presentation of Financial Statements*. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies. IFRS 18 introduces a defined structure for the statement of income (or loss), where companies will be required to present separate categories of income and expenses for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information.

IFRS 18 does not modify the recognition and measurement provisions of items in the financial statements. However, since items within the statement of income (or loss) must be classified into one of five categories (operating, investing, financing, taxes on income, and discontinued operations), it may impact the entity's operating income. The publication of IFRS 18 has also resulted in consequential

Fluent Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2025 and December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

narrow scope amendments to other accounting standards, including IAS 7, *Statement of Cash Flows*, and IAS 34, *Interim Financial Reporting*.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively. Early adoption is permitted, but will need to be disclosed. The Company is currently assessing the impact of IFRS 18, including the impact of the consequential amendments to other accounting standards, on its condensed interim consolidated financial statements. The Company expects IFRS 18 will result in changes in the way financial information is organized and presented internally to align with the standard's structure. The Company will also assess alignment of IFRS 18 requirements with its reportable segment disclosures under IFRS 8.

Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9, *Financial Instruments* ("IFRS 9") and IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"). The amendments clarify the date of recognition and derecognition of financial assets and liabilities, clarify and add further guidance for assessing whether a financial asset meets the "solely payments of principal and interest" criterion, add new disclosures for financial instruments with contractual terms that can change cash flows, and update the disclosure for equity investments designated at FVTOCI. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier adoption permitted. The Company is currently assessing the impact of the amendments on its condensed interim consolidated financial statements.

Certain other new amendments and interpretations have been published that are effective in future annual reporting periods that are either not reasonably expected to be relevant for the Company or are not anticipated to have a material impact on results. The Company intends to adopt these standards when they become effective.

3. Business Combination

On May 30, 2024, the Company and RIV Capital Inc. ("RIV Capital") entered into a definitive arrangement agreement pursuant to which the Company would acquire all of the issued and outstanding Common Shares in exchange for common shares of the Company (the "RIV Transaction"). RIV Capital, through its subsidiary Etain LLC, is a vertically integrated cannabis company licensed in New York state to cultivate, manufacture, process, and distribute both medical and adult-use cannabis in both retail and wholesale markets. Through the RIV Transaction, the Company would have access to cannabis operations in New York state and have access to RIV Capital's significant cash balance, which will enable the Company to continue its growth objectives. Expected synergies include cultivation, processing, and operating efficiencies, corporate integration and elimination of duplicative public company costs in the combined company.

On December 19, 2024, following receipt of requisite shareholder and regulatory approvals, the RIV Transaction was effected and RIV Capital shareholders received 1.245 Fluent common shares in exchange for each RIV share held. This resulted in the issuance of 171,547,344 Fluent common shares. As the Company acquired 100% of the issued and outstanding common shares of RIV Capital, there is no resulting non-controlling interest.

In connection with the RIV Transaction, the Company created a new class of non-voting exchangeable shares (the "Fluent Exchangeable Shares") that are convertible into Fluent common shares on a one-for-one basis. The Company issued 153,069,395 to The Hawthorne Collective, a previous creditor of RIV Capital, at closing. See Note 16b.

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

The fair values of the identifiable assets acquired and liabilities assumed as at the acquisition of control date of December 19, 2024, were as follows:

	RIV Capital
IDENTIFIABLE ASSETS ACQUIRED	
Cash and cash equivalents	\$ 39,501
Accounts receivable and other receivables	231
Inventory	6,697
Biological assets	350
Prepaid expenses	75
Other current assets	97
Right-of-use assets	14,169
Property, plant, and equipment	18,650
Intangible assets	7,375
Other long-term assets	5,077
Deferred tax assets	1,021
Total assets acquired at fair value	93,243
LIABILITIES ASSUMED	
Accounts payable and accrued liabilities	7,074
Lease liabilities	14,169
Provision liabilities	13,981
Loyalty program liabilities	69
Total liabilities acquired at fair value	35,293
Bargain purchase	(44,520)
Total purchase price	13,430

As the fair value of identifiable net assets exceeded the fair value of consideration transferred, a bargain purchase gain was recognized in the Company's annual consolidated statement of income (loss) and comprehensive income (loss) for the year ended December 31, 2024. No goodwill arose from the business combination with RIV Capital.

The total fair value of consideration payable pursuant to the RIV Transaction as at the acquisition of control date was as follows:

	Total
Common share consideration	12,008
Settlement of pre-existing relationship	
Exchangeable shares issued ⁽¹⁾	10,715
Settlement of Bridge Note payable ⁽²⁾	(9,293)
Total fair value of consideration	\$ 13,430

⁽¹⁾ Concurrently with closing of the RIV Transaction, the Company issued the Fluent Exchangeable Shares to The Hawthorne Collective in exchange for the Hawthorne Notes receivable which were issued by RIV Capital. The Hawthorne Notes receivable were set-off against the balance of the Bridge Note payable plus accrued interest owing by the Company to RIV Capital prior to closing.

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Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2025 and December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

⁽²⁾ Represents the principal amount of the Bridge Note payable of \$8,975 plus accrued interest of \$318 that was set-off in connection with the RIV Transaction.

Common share and Fluent Exchangeable Share consideration were measured using the Fluent share price on the date of the RIV Transaction. The RIV Transaction did not include any contingent or deferred consideration. Total consideration was allocated to the estimated fair values of the assets acquired and liabilities assumed as of the date of the acquisition of control, being December 19, 2024. These estimated fair values involve significant judgement and assumptions. Specifically, the estimated fair values of certain intangible assets acquired were based upon management's projections of cash flows expected to be derived from the use of these assets. Such cash flow projections reflect judgement regarding management's expectations of the impact of IRC Section 280E. Identifiable intangible assets acquired through the RIV Transaction include cannabis license rights in New York and the Etain brand. No indemnification arrangements were recognized or assumed.

The Company consolidates the results of RIV Capital from the acquisition of control date, being December 19, 2024. The Company's consolidated statements of income (loss) and comprehensive income (loss) for the nine months ended September 30, 2025 include net revenue of \$11,675 and net loss of (\$5,003) from RIV Capital (nine months ended September 30, 2024 – not applicable).

The purchase price allocation remains provisional as of September 30, 2025.

4. Biological assets

The Company's biological assets consist of cannabis plants, which are not yet harvested. A reconciliation of the beginning and ending balances of biological assets for the nine months ended September 30, 2025 and the year ended December 31, 2024 is as follows:

	September 30, 2025	December 31, 2024
Balance at beginning of period	\$ 3,162	\$ 331
Acquired through business combination	-	350
Cost incurred until harvest	16,977	17,552
Effect of unrealized change in fair value of biological assets	1,475	7,872
Transferred to inventory upon harvest	(18,502)	(22,943)
Balance at end of period	\$ 3,112	\$ 3,162

As of September 30, 2025 and December 31, 2024, all biological assets were live plants. The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and the expected selling price less costs to sell per gram.

The fair value measurements for biological assets have been categorized as Level 3 in the IFRS 13 fair value hierarchy as there is no actively traded commodity market for plants or dried products. The Company's method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest.

These estimates are subject to volatility in market prices and a number of uncontrollable factors, which could significantly affect the fair value of biological assets which will affect the amount reflected in the gain or loss on biological assets in future periods.

Fluent Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2025 and December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

The following table quantifies each significant unobservable input for Florida cultivations, and provides the impact a 10% increase or decrease in each input would have on the fair value of biological assets:

Assumptions	As at September 30, 2025		As at December 31, 2024	
	Input	10% Change	Input	10% Change
(i) Weighted average of expected loss of plants until harvest (a)	5%	\$15	5%	\$15
(ii) Expected yields for cannabis plants (average grams per plant) (b)	83	\$264	85	\$279
(iii) Weighted average number of growing weeks completed as percentage of total growing weeks as at period end	66%	\$264	51%	\$279
(iv) FL Estimated selling price per gram (c)	\$3.40 Per Grams	\$1,005	\$7.87 per gram	\$1,240
(v) FL Cost to sell per gram per flower and trim, respectively	\$2.46 Per Gram	\$741	\$3.34 per gram	\$961

- (a) Weighted average of expected loss of plants until harvest represents the expected loss of plants that will not survive to the point of harvest. It does not include any financial loss on a surviving plant.
- (b) Expected average yields for cannabis plants vary based on the mix of strains existing at each reporting date.
- (c) The estimated selling price per gram represents the actual sales price for the Company's various strains sold as retail products. The selling price is impacted by the mix of expected THC levels from the plants.

The Company estimates the harvest yields for cannabis at various stages of growth. As at September 30, 2025, it is expected that the Company's biological assets will yield approximately 3,704,362 grams of dry cannabis when harvested (December 31, 2024 – 5,005,531 grams) for Florida and Texas. As at September 30, 2025 and December 31, 2024, the Company had 50,183 and 63,168 plants that were classified as biological assets, respectively, for Florida and Texas. The company's average cultivation cycle length for plants is approximately 13 weeks.

The following table quantifies each significant unobservable input for New York cultivation, and provides the impact a 10% increase or decrease in each input would have on the fair value of biological assets:

Assumptions	As at September 30, 2025		As at December 31, 2024	
	Input	10% Change	Input	10% Change
i. Weighted average of expected loss of plants until harvest (a)	5%	\$3	1%	\$3
ii. Expected yields for cannabis plants (average grams per plant) (b)	138	\$49	155	\$2
iii. Weighted average number of growing weeks completed as percentage of total growing weeks as at period end	47%	\$49	49%	\$3
iv. Estimated selling price per gram (c)	\$1.13 per gram	\$60	\$1.90 per Gram	\$40
v. Cost to sell per gram per flower and trim, respectively	\$0.21 per gram	\$11	\$0.35 per Gram	\$9

The Company estimates the harvest yields for New York cannabis at various stages of growth. As at September 30, 2025, it is expected that the Company's biological assets will yield approximately 633,269 grams of dry cannabis when harvested (December 31, 2024 – 467,372 grams) for New York. As at September 30, 2025 and December 31, 2024, the Company had 8,602 and 6,533 plants that were classified as biological assets, respectively, for New York.

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***5. Inventory**

As of September 30, 2025 and December 31, 2024, inventory consisted of the following:

	September 30, 2025	December 31, 2024
Supplies, packaging and materials	\$ 2,417	\$ 2,500
Work in progress	8,018	7,608
Finished goods	8,010	5,047
Inventory reserve	(2,650)	-
Balance at end of period	\$ 15,795	\$ 15,155

Inventory material costs included in the cost of goods sold during the nine months ended September 30, 2025 and twelve months ended December 31, 2024 were \$10,916 and \$17,256, respectively. Salaries and benefits charged to cost of goods sold during the nine months ended September 30, 2025 and twelve months ended December 31, 2024 were \$9,409 and \$11,093, respectively. Capitalized depreciation expensed to costs of goods sold for the nine months ended September 30, 2025 and twelve months ended December 31, 2024 were \$15,244 and \$7,774, respectively.

6. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	September 30, 2025	December 31, 2024
Prepaid insurance	\$ 339	\$ 344
Other prepaid expenses	223	265
Tenant improvement allowance	690	490
Prepaid inventory	88	524
Insurance	1,363	786
Other current assets	123	178
Balance at end of period	\$ 2,826	\$ 2,587

Fluent Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2025 and December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

7. Property and equipment

A reconciliation of the beginning and ending balances of property and equipment for the nine months ended September 30, 2025 and the year ended December 31, 2024, is as follows:

	Land	Furniture and Fixtures	Computer Equipment	Manufacturing equipment	Leasehold improvements	Construction in Progress	Vehicles	Total
Cost								
Balance as of January 1, 2024	212	1,590	2,125	11,083	42,429	894	458	58,791
Acquired through business combination	-	235	-	3,066	5,934	9,335	80	18,650
Additions	-	25	83	1,219	3,858	10,938	50	16,173
Disposals	(212)	(131)	(25)	-	(624)	-	-	(992)
Balance as of December 31, 2024	-	1,719	2,183	15,368	51,597	21,167	588	92,622
Accumulated depreciation								
Balance as of January 1, 2024	-	725	1,557	5,459	23,247	-	161	31,149
Additions	-	213	342	1,650	7,780	-	51	10,036
Disposals	-	(128)	(25)	-	(610)	-	-	(763)
Balance as of December 31, 2024	-	810	1,874	7,109	30,417	-	212	40,422
Property and equipment, net	\$ -	\$ 909	\$ 309	\$ 8,259	\$ 21,180	\$ 21,167	\$ 376	\$ 52,200
Cost								
Balance as of January 1, 2025	-	1,719	2,183	15,368	51,597	21,167	588	92,622
Acquired through business combination	-	-	-	-	-	-	-	-
Additions	-	470	15	2,156	30,406	(18,980)	52	14,119
Disposals	-	(234)	(3)	(778)	(563)	(58)	-	(1,636)
Balance as of September 30, 2025	-	1,955	2,195	16,746	81,440	2,129	640	105,105
Accumulated depreciation								
Balance as of January 1, 2025	-	810	1,874	7,109	30,417	-	212	40,422
Additions	-	262	151	2,334	8,428	-	110	11,285
Disposals	-	(135)	(1)	(632)	(383)	-	-	(1,151)
Balance as of September 30, 2025	-	937	2,024	8,811	38,462	-	322	50,556
Property and equipment, net	\$ -	\$ 1,018	\$ 171	\$ 7,935	\$ 42,978	\$ 2,129	\$ 318	\$ 54,549

For the nine months ended September 30, 2025 and year ended December 31, 2024, the Company charged \$9,665 and \$7,233 of depreciation to the production of biological assets and inventory, respectively.

During the three months ended June 30, 2025, the Company placed into service two cultivation sites located in Tampa, Florida, and Buffalo, New York. Accordingly, \$22,702 of fixed assets previously classified as construction-in-progress were reclassified to leasehold improvements.

As at September 30, 2025 and December 31, 2024, respectively, the Company assessed its property and equipment for indicators of impairment and determined none were present.

Fluent Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2025 and December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

8. Intangible assets

Intangible assets consist of cannabis licenses and trademarks and brands. A reconciliation of the beginning and ending balances of intangible assets for the nine months ended September 30, 2025 and year ended December 31, 2024, is as follows:

	Licenses		Trademarks and brands	Computer Software	Total
	Amortized Cost	Indefinite Lived			
Cost					
Balance as of January 1, 2024	709	93,256	8,850	-	102,815
Acquired through business combination	-	7,080	263	32	7,375
Additions	1,332	-	-	-	1,332
Disposals	-	-	-	-	-
Impairment	-	(64,285)	-	-	(64,285)
Balance as of December 31, 2024	2,041	36,051	9,113	32	47,237
Accumulated amortization					
Balance as of January 1, 2024	380	-	8,842	-	9,222
Additions	417	-	8	-	425
Disposals	-	-	-	-	-
Balance as of December 31, 2024	797	-	8,850	-	9,647
Intangible assets, net	\$ 1,244	\$ 36,051	\$ 263	\$ 32	\$ 37,590
Balance as of January 1, 2025	2,041	36,051	9,113	32	47,237
Additions	318	-	-	-	318
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Balance as of September 30, 2025	2,359	36,051	9,113	32	47,555
Accumulated amortization					
Balance as of January 1, 2025	797	-	8,850	-	9,647
Additions	631	-	-	18	649
Disposals	-	-	-	-	-
Balance as of September 30, 2025	1,428	-	8,850	18	10,296
Intangible assets, net	\$ 931	\$ 36,051	\$ 263	\$ 14	\$ 37,259

The Company's licenses include various cannabis licenses in Florida, New York, Pennsylvania, and Texas. As discussed in Note 3h of the Company's annual consolidated financial statements for the years ended December 31, 2024 and 2023, the Company amortizes its renewable cannabis licenses on a straight-line basis over each two-year term. Cannabis licenses acquired through business combination are recorded as indefinite life intangible assets and are tested for impairment annually, or more frequently if indicators of impairment are present.

Annual impairment testing involves determining the recoverable amount of the CGU(s) to which goodwill and indefinite life intangibles are allocated and comparing this to the carrying value of the CGU. As required by IAS 36, *Impairment of Assets*, goodwill and intangible assets are tested annually for impairment, or more frequently if indicators are present that suggest the carrying value may not be recoverable. Accordingly, the Company performed its annual impairment test of goodwill and indefinite life intangible assets at October 1, 2024. As at September 30, 2025, the Company determined no impairment indicators were present to suggest the carrying amount may not be recoverable. As such, no impairment testing was performed.

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

As of December 31, 2024, the carrying value of the definite and indefinite life intangible assets related to the Florida CGU, prior to any impairment charge, was \$94,568. The fair value less the costs of disposal of the CGU was calculated using a discounted cash flow model and level 3 inputs. The fair value less costs of disposal was determined to be less than the CGU's carrying value, therefore the Company recorded an impairment of \$64,285. The key assumptions used in the estimates of the recoverable amounts can be found within Note 10 of the Company's annual consolidated financial statements for the years ended December 31, 2024 and 2023.

Amortization expense for the nine months ended September 30, 2025 and year ended December 31, 2024, were \$649 and \$425, respectively. Amortization expense for intangible assets is recorded in depreciation and amortization expense on the consolidated statements of income (loss) and comprehensive income (loss). The remaining amortization period for the Florida cultivation and dispensing license as of September 30, 2025 is 0.8 years.

9. Goodwill

Goodwill as of September 30, 2025 and December 31, 2023 was \$1,525.

As of September 30, 2025 and December 31, 2024, the Company did not have an impairment to its goodwill and indefinite life intangibles.

10. Other Assets

Other assets as of September 30, 2025 and December 31, 2024, are comprised of the following:

	September 30, 2025	December 31, 2024
Other assets		
Prepaid rent	\$ 22	\$ 4,509
Security deposits	1,535	1,322
Deferred lease acquisition costs	-	213
Tax payments	223	190
Impact fee, net	147	159
Deposits on fixed assets	180	83
Total other assets	\$ 2,107	\$ 6,476

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***11. Income taxes**

Income tax for the three and nine months ended September 30, 2025 and 2024 consisted of the following:

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Current income tax expense	\$ 3,406	\$ 5,458	\$ 14,435	\$ 14,881
Deferred income tax expense (recovery)	222	1,921	(969)	4,819
Total income taxes	\$ 3,628	\$ 7,379	\$ 13,466	\$ 19,700

Income tax expense is recognized based on Management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The U.S statutory tax rate in effect for the nine months ended September 30, 2025 and 2024 was 21%. The Canadian statutory tax rate in effect for certain of the Company's Canadian subsidiaries was 26.5%.

Deferred income tax assets recognized at September 30, 2025 and December 31, 2024 of \$1,899 and \$1,039, respectively, relate to deductible temporary differences the Company expects to realize to reduce income taxes payable in future taxation years within certain of the Company's U.S. subsidiaries.

During the year ending December 31, 2024, the Company filed amended tax returns for tax year 2022 using tax positions based on legal interpretations that challenge the Company's tax liability under IRC Section 280E. The Company determined that pursuant to IFRIC 23, it is not probable that the challenge to IRC Section 280E would be sustained. Accordingly, the Company has recognized an uncertain tax position liability on its consolidated statement of financial position as of September 30, 2025 and December 31, 2024 of \$55,994 and \$43,314, respectively. The uncertain tax position includes tax liabilities and accumulated penalties and interest on amounts that would otherwise be deemed owing had the uncertain tax position not been taken. Current income tax expense for the nine months ended September 30, 2025 and September 30, 2024 includes an estimate of penalties and interest accrued on the Company's uncertain tax position liability.

The classification of an uncertain tax liability as current versus non-current on the Company's condensed interim consolidated statement of financial position is determined based on the expected timing of cash payments or benefits to be recognized. The Company does not anticipate these uncertain tax benefits to be resolved in the next twelve months and anticipates that the total amount of unrecognized tax benefits may change within the next twelve months for additional uncertain tax positions taken on a go-forward basis.

12. Derivative liabilities

During the three and nine months ended September 30, 2025, the Company's derivative liability consisted of a convertible note derivative liability. During the year ended December 31, 2024, the Company's derivative liabilities consisted of an equity price guarantee derivative liability and a convertible note derivative liability. A reconciliation of the beginning and ending balances of the Company's derivative liabilities during the nine months ended September 30, 2025 and the year ended December 31, 2024, is as follows:

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

	Equity Price Guarantee	Smith Convertible Note	Total
Balance as of December 31, 2023	\$ 9,109	\$ -	\$ 9,109
Addition	-	2,723	2,723
Fair value change	(9,109)	(575)	(9,684)
Balance as of December 31, 2024	\$ -	\$ 2,148	\$ 2,148
Fair value change	-	(532)	(532)
Balance as of September 30, 2025	\$ -	\$ 1,616	\$ 1,616

Price guarantees are recorded as a liability measured at fair value on the consolidated statement of financial position. In determining the fair value of the price guarantee, these liabilities are marked-to-market at each reporting period with the change in fair value recorded in the consolidated statements of loss and comprehensive loss.

Equity Price Guarantee

In connection with the acquisition of the remaining interest of Fluent Servicing on August 15, 2018, the Company issued 4,400,000 membership interest units of Consortium Holdings LLC that were exchanged into 4,400,000 common shares (or equivalent proportionate voting shares) of the Company subject to a price floor of \$2.75 ("Equity Price Guarantee"), expiring on March 21, 2021.

On January 16, 2020, the Company completed the restructuring of its existing promissory note issued in connection with the acquisition of Fluent Servicing, as well as the terms pertaining to the Equity Price Guarantee, reducing the price floor from \$2.75 to \$0.65 per share for the 4,400,000 common shares originally issued and agreeing to transfer to the seller, Can Endeavour LLC ("Can Endeavour") an additional 14,215,385 common shares (or equivalent proportionate voting shares) that were previously returned by the Company's founders, subject to a price floor of \$0.65 per share with expiration on May 23, 2023.

On December 21, 2022, the Company amended its agreement of the terms pertaining to the Equity Price Guarantee, reducing the price floor from \$0.65 to \$0.40 per share for the 18,615,385 common shares issued and agreeing to transfer Can Endeavour an additional 11,634,615 common shares (or equivalent proportionate voting shares). If Can Endeavour elects to sell some or all of its common shares, and the proposed purchase price is less than the floor of \$0.40 per share, then the Company shall have the first right to purchase some or all of its common shares for \$0.40 per share. The price floor expires at the earlier of December 31, 2025 or 20 consecutive days where common shares trade at a minimum of \$4.13 while maintaining a minimum trade volume of 3 million.

In previous periods, the Company used a Monte-Carlo simulation model to estimate the fair value of the Equity Price Guarantee derivative liability. This is a Level 3 recurring fair value measurement. The key Level 3 inputs used by management to determine the fair value are the expected future volatility in the price of the Company's shares and the expected life of the Equity Price Guarantee.

On November 26, 2024, in connection with the Company's debt refinancing (discussed herein), the Equity Price Guarantee liability was legally extinguished, and the fair value of the liability was deemed to be \$nil, thus relieving the Company of any present and future obligations.

During the nine months ended September 30, 2025, the Company did not recognize a gain or loss on the revaluation of the Equity Price Guarantee derivative liability as the liability had been extinguished (nine months ended September 30, 2024 – gain of \$9,109). The revaluation is recorded within "net change in fair value of derivative liability" on the condensed interim consolidated statements of income (loss) and comprehensive loss.

Fluent Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2025 and December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

Smith Convertible Note (see Note 14)

On November 26, 2024, in connection with the closing of the Credit Agreement (defined herein), the Company and William Smith, a director and the Executive Chair of Consortium, and certain companies controlled by Mr. Smith, amended and restated the termination agreement dated May 30, 2024, which provided for, among other things, the termination of the Equity Price Guarantee agreement in exchange for the issuance of a 3-year \$6,500 subordinated promissory note (the "Smith Convertible Note"). Pursuant to the terms of the Amended Smith Transaction Termination Agreement, the Company paid to the Smith Group a \$500 cash fee and issued to the Smith Group a secured subordinated convertible note in an initial aggregate principal amount of \$6,500 due May 26, 2029, bearing interest of 15%, with all accrued but unpaid interest compounded quarterly, and prepayable with consent from the Smith Group. The Smith Convertible Note is subordinated in right of payment to the Credit Agreement and the principal and accrued interest thereunder is convertible, at the discretion of the Smith Group, into shares at a price of \$0.21 per share.

The Company assessed the Smith Convertible Note as a hybrid financial instrument and determined that the conversion feature did not meet the fixed-for-fixed criteria and therefore could not be classified as equity. The Company determined the conversion feature qualified as a financial derivative and, accordingly, is initially measured at fair value and subsequently measured at FVTPL. The Company assessed the Smith Convertible Note and determined no other embedded derivatives were present.

The Company used a FinCad model to value the convertible debt instrument, which results in a system of two coupled Black-Scholes equations for the value of the convertible instrument and a system of coupled partial differential equations that must be solved simultaneously. The embedded derivative is a Level 3 financial instrument. Key observable and unobservable inputs to the valuation at initial recognition include the Company's share price (\$0.06 per share), risk-free rate (4.3%), credit spread (12.5%), and volatility (103%). At initial recognition, the Company measured the embedded derivative liability at \$2,723.

The Company recognized a mark-to-market fair value gain of \$532 for the nine months ended September 30, 2025 on remeasurement of the embedded derivative (nine months ended September 30, 2024 – not applicable), which is recorded within "net change in fair value of derivative" on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

13. Provision liability

The Company's provision liability arose through the RIV Transaction on December 19, 2024.

On December 8, 2023, the New York Cannabis Control Board ("CCB") approved the Company's New York subsidiary's application to transition to a New York adult-use cannabis operator. The subsidiary had applied for a Registered Organization Dispensing ("ROD") license, which allows the entity to participate in all aspects of vertical integration, including cultivation, processing, distribution, and retail activities. The Office of Cannabis Management ("OCM") mandates that an ROD license holder shall pay an adult-use license fee, a cultivation fee based on canopy space and type, and a one-time \$20,000 special fee (the "Special License Fee"), which was payable in four equal installments ("Tranches") upon the achievement of certain milestones, including separate milestones for the opening of the first and second adult-use co-located retail dispensaries, and reaching certain gross revenue thresholds.

On February 14, 2024, the Company's New York subsidiary opened its first adult-use co-located retail dispensary. In connection with the opening of the Company's first adult-use dispensary, the first Special License Fee payment of \$5,000 was made to the OCM on January 26, 2024.

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

In September 2024, Etain LLC opened its second co-located adult-use and medical cannabis retail dispensary. In connection with the opening of the Company's second adult-use dispensary, the second Special License Fee payment of \$5,000 was expected to be due to the OCM in March 2025. As at September 30, 2025, no payment has been made toward Tranche 2 (which has been modified, as discussed herein), and the Company is currently engaged in negotiations with the OCM to arrange deferral of the payment through a payment plan.

On May 9, 2025, the New York legislature was amended to reflect changes to the Special License Fee. Under the new legislation, the aggregate Special License Fee was decreased from \$20,000 to \$15,000. As a result, the installments were also modified with Tranche 1 retroactively adjusted to \$3,000 and Tranches 2, 3, and 4 were retroactively adjusted to \$4,000 each. As the Company made a payment of \$5,000 upon the opening of its first adult-use co-located dispensary in February 2024, the Company currently owes a payment of \$2,000 to the OCM. The milestones triggering the payment of each Tranche remain unchanged with the new legislation.

The Company determined that the obligation to settle the unpaid Tranches of the Special License fee represents a present obligation arising from past events, being the receipt of the New York ROD license. The obligation is a known and predictable amount but is of uncertain timing. As at December 31, 2024, in accordance with IAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*, the Company recognized a provision liability equal to the present value of the remaining Special License Fee payments based on management's estimates for the expected dates of payment. This provision liability is remeasured at each reporting period, with the gain or loss on remeasurement recognized through the statement of income (loss) and comprehensive income (loss). As the cumulative Tranche 1 and Tranche 2 payment is fixed and determinable in accordance with the new regulations, the Company has recorded \$2,000 of the Special License Fee within accounts payable on the statement of financial position as of September 30, 2025.

The following table presents a summary continuity schedule of the carrying value of the provision liability for the nine months ended September 30, 2025. As the provision liability was recognized in connection with the RIV Transaction on December 19, 2024, the comparative period continuity for the nine months ended September 30, 2024 is not applicable. See Note 3 for further details.

	Nine months ended September 30, 2025	
Provision liability - opening balance	\$	14,001
Accretion expense		137
Remeasurement		(4,723)
Reclass to accounts payable		(2,000)
Provision liability - ending balance	\$	7,414
Provision liability - current portion		-
Provision liability - non-current portion	\$	7,414

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***14. Notes payable and convertible notes**

As of September 30, 2025 and December 31, 2024, notes payable consisted of the following:

	September 30, 2025	December 31, 2024
Automobile loan (b)	\$ 2	\$ 10
Credit Agreement (d)	66,558	64,820
Equipment loan (e)	48	64
Convertible debenture (f)	2,597	2,721
Insurance financing (g)	1,035	450
Cultivation facility loan (i)	1,357	1,465
Smith Convertible Note (j)	7,258	6,482
Parks & Long loan (k)	588	-
Total notes payable (a)	\$ 79,443	\$ 76,012
Less current portion of notes payable	(1,983)	(755)
Less convertible note	(7,258)	(6,482)
Notes payable, net of current portion	\$ 70,202	\$ 68,775

(a) Notes payable

A reconciliation of the beginning and ending balances of the notes payable for the nine months ended September 30, 2025 and the year ended December 31, 2024 is as follows:

	September 30, 2025	December 31, 2024
Balance at the beginning of the period	\$ 76,012	\$ 61,402
Net proceeds of Bridge Note	-	8,403
Derecognition of Bridge Note	-	(9,001)
Smith Convertible Note	-	6,389
Insurance financing	2,030	1,954
Purchase of auto and equipment	-	48
Cultivation facility loan	-	1,360
Parks & Long loan	784	-
Interest and accretion	8,910	15,244
Net proceeds of new Credit Agreement	-	64,615
Repayments of principal and interest	(8,293)	(3,174)
Repayment and derecognition of Senior Secured Term loan (h)	-	(71,228)
Balance at the end of the period	\$ 79,443	\$ 76,012

Refer to Note 22 for a reconciliation of finance costs for the nine months ended September 30, 2025 and 2024.

Fluent Corp.

Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2025 and December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

(b) Automobile loan

Notes payable collateralized by vehicles purchased, bearing interest ranging from 4.59% to 5.44% per annum, maturing through December 2025.

(c) Senior secured term loan

On April 29, 2021, the Company entered into a senior secured term loan in the amount of \$71,000 (the "Term Loan"). The Term Loan bears interest of 13% per annum, payable quarterly, with a maturity date of April 29, 2025. In connection with the transaction, 12.5 million warrants with an exercise price of \$1.20 were issued to certain participants in the Term Loan.

On May 6, 2022 and June 6, 2022, the Company refinanced the Term Loan and completed repayments of the Term Loan in the aggregate amount of \$3,418, incurring a loss on debt settlement of \$1,136. Absent the refinancing on November 26, 2024 discussed herein, the principal amount of the refinanced loan of \$65,830 would be due in April 2025 as a balloon payment.

On November 26, 2024, the Company used proceeds received upon closing of the Credit Agreement (discussed herein) to wholly repay all outstanding principal and accrued interest outstanding under the Term Loan, eliminating the Term Loan in full.

(d) Credit Agreement

On November 26, 2024, The Company had closed on a new senior secured credit agreement (the "Credit Agreement") of up to \$96,500 with Chicago Atlantic Admin, LLC ("Chicago Atlantic"), as administrative agent for certain lenders. The Credit Agreement bears a cash interest rate of 12.00% per annum and paid-in-kind interest of 1.00% per annum, and is due to mature on November 26, 2028, at which time a balloon payment of \$74,468 will be due.

The Credit Agreement refinances the existing senior secured term loan (Note 14(c)) that was set to mature in April 2025, thereby eliminating the previously disclosed requirement that the Company prepay \$10,000 upon the consummation of the business combination with RIV Capital.

The Credit Agreement provides for an initial loan of \$71,500 and access to two additional credit lines of \$10,000 for future real estate acquisitions and construction projects, and \$15,000 in the event that the Company were to acquire RIV Capital's Buffalo cultivation and processing facility following the completion of the business combination. As of September 30, 2025, the additional credit lines remained undrawn.

The Credit Agreement includes a financial covenant requiring the Company to maintain a minimum unrestricted cash balance of \$4,500, tested at the end of each fiscal quarter, and includes customary terms and conditions for a financing of this type, including repayment obligations upon the occurrence of certain events of default thereunder.

The Company records the Credit Agreement as a financial liability at amortized cost using the effective interest rate method. At initial recognition, the Company recorded a liability of \$64,615, which was net of capitalized debt financing acquisition costs of \$3,240. The effective interest rate used for the Credit Agreement is 17.9%. In accordance with IFRS 9, the debt financing costs are recognized over the term on a systematic basis using the effective rate of interest.

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

(e) Equipment loan

The Company's equipment loans consist of notes payable collateralized by equipment purchased. The equipment loans bear interest ranging from 0% to 4.494% per annum and carry maturities through December 2029.

(f) Convertible debenture

On April 29, 2022, the Company completed a non-brokered private placement (the "Private Placement") that includes a 10.0% unsecured convertible debenture in the principal amount of \$3,500 (the "Debenture"), as well as 3,076,923 pre-funded common share purchase warrants (each a "Pre-Funded Warrant") at a price of US\$0.39 per Pre-Funded Warrant, for aggregate gross proceeds of \$4,700, resulting in an increase of \$1,744 and \$70 to equity conversion feature and warrants, respectively. The Debenture will come due in 2032 and the principal amount then outstanding is convertible into common shares of the Company at a conversion price of \$0.79 per common share. Each Pre-Funded Warrant entitled the holder to purchase one common share at an additional exercise price of \$0.40 per common share (for a total common share issue price equal to \$0.79) for a period of 12 months from the date of issuance. As of September 30, 2025, the principal amount outstanding under the Debenture was \$2,673 and unamortized debt issuance costs was \$76.

(g) Insurance financing

In April 2025, the Company financed insurance in the amount of \$1,603, payable monthly with a nine-month term and an 9.25% interest rate. In September 2025, the Company financed workers compensation insurance in the amount of \$438, payable monthly with a ten-month term. As of September 30, 2025, the total amount outstanding for financed insurance is \$1,035.

(h) Convertible bridge note

On May 30, 2024, the Company entered into a convertible promissory note (the "Bridge Note") with RIV Capital. The Bridge Note was signed at the same time as the "Arrangement Agreement" between Fluent and RIV Capital (see Note 3). The Bridge Note bears interest of 10% and was set to mature on May 1, 2025, at which time the principal amount then outstanding and all accrued but unpaid interest was convertible into common shares of the Company at a conversion price of \$0.174 per common share. The Company made an initial draw of \$3,000 under the Bridge Note on May 30, 2024, which resulted in an increase of \$190 in equity conversion feature and \$68 in deferred tax. A subsequent draw of \$1,000 under the Bridge Note resulted in an increase of \$47 in equity conversion feature and \$17 in deferred tax. The final draw of \$4,975 under the Bridge Note resulted in an increase of \$249 in equity conversion feature and \$66 in deferred tax.

In connection with the RIV Transaction closing on December 19, 2024, the principal and accrued interest owing under the Bridge Note was legally set-off against the Hawthorne Notes receivable, resulting in net increase to consideration paid in the business combination of \$1,417. No impact was recorded to the Company's condensed interim consolidated statements of income (loss) and comprehensive income (loss) during the nine months ended September 30, 2025 or 2024, respectively, as a result of the Bridge Note.

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Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2025 and December 31, 2024

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(i) Cultivation facility loan

On May 28, 2024, the Company made an amendment to the Tampa Rosa cultivation lease. Under the terms of the amendment, the Company is required to pay \$1,360 to the landlord (Nittany – see Note 19), subject to 13% simple interest, as consideration for a waiver by the landlord of the Company’s breach of the lease by failing to obtain landlord’s consent before altering structural support systems, HVAC systems and other parts of the building. Due to the terms of the lease, the loan is deemed to be unsecured. The Company is required to make at least six installment payments per year in the amount of at least \$45 each with payments first applied to outstanding interest, then applied to principle. Therefore, accumulated interest is deemed to be the current portion of notes payable, with principle being attributed to non-current notes payable. All remaining principal and interest shall be due and payable on May 31, 2027.

(j) Smith Convertible Note

As discussed in Note 12, the Company assessed the Smith Convertible Note and determined that it qualified as compound financial instrument. The compound financial instrument was therefore bifurcated between its debt and derivative liability components and measured separately. The debt component was initially recorded at fair value by discounting the cash flows at a market rate of interest. This resulted in the recognition of a \$6,389 liability within notes payable. The debt component of the Smith Convertible Note is subsequently measured at amortized cost, and accreted over the term to maturity of May 26, 2029 using the effective interest rate (16.2%).

During the nine months ended September 30, 2025, the Company recognized \$776 of accretion expense within “finance costs, net” on the condensed interim consolidated statement of income (loss) and comprehensive income (loss) (nine months ended September 30, 2024 – not applicable).

(k) Parks and Long loan

On July 20, 2025, the Company entered into a loan agreement with Parks and Long Healthcare Construction and Compliance LLC for the repayment of the Tampa Rosa cultivation facility. Terms are set to repay full construction balance of \$784, plus a 7% fee, for twelve equal monthly payments ending in June 2026.

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***15. Leases**

As of September 30, 2025 and December 31, 2024, the Company's right-of-use assets and lease liabilities related to leased cultivation and manufacturing facilities, retail dispensaries, and corporate offices located in Florida, Pennsylvania, Texas, and New York.

(a) Right-of-use assets

	September 30, 2025	December 31, 2024
Cost		
Balance at beginning of period	\$ 68,156	\$ 48,990
Acquired through business combination	-	14,169
Additions	27,702	5,297
Modifications	104	309
Terminations	(118)	(609)
Balance at end of period	\$ 95,844	\$ 68,156
Accumulated depreciation		
Balance at beginning of period	\$ 21,426	\$ 17,047
Additions	5,922	4,534
Terminations	(89)	(155)
Balance at end of period	\$ 27,259	\$ 21,426
Right-of-use-assets, net	\$ 68,585	\$ 46,731

(b) Lease liabilities

	September 30, 2025	December 31, 2024
Balance at beginning of period	\$ 56,478	\$ 40,114
Acquired through business combination	-	14,169
Additions	23,204	4,996
Modification	152	716
Terminations	(23)	(747)
Interest on lease liabilities	5,647	4,749
Interest payments on lease liabilities	(5,647)	(4,705)
Principal payments on lease liabilities	(3,433)	(2,814)
Balance at end of period	\$ 76,378	\$ 56,478
Less current portion of lease liabilities	(5,572)	(4,751)
Lease liabilities, net of current portion	\$ 70,806	\$ 51,727

The Company's lease obligation maturity has been disclosed within Note 18.

On April 17, 2025, a new cultivation site in Buffalo, NY commenced operations. The lease term is 180 months with monthly payments of \$201 due at the first of the month, with annual escalations of 3% per year. The Buffalo lease added \$22,643 in lease liability and \$27,129 in right-of-use assets. The increase in right of use asset includes \$4,486 of prepaid rent.

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***16. Shareholders' equity**

	Share capital		
	Number of unrestricted common shares	Number of exchangable shares	Amount
Balance, December 31, 2023	299,529,367	-	\$ 183,690
Common shares issued in business combination (Note 16 c.)	171,547,344	-	12,014
Exchangable shares issued in business combination (Note 16 b.)	-	153,069,395	10,715
Restricted stock units and options (Note 16)	364,845	-	-
Shares issued for board fees (Note 16 a.)	865,382	-	-
Balance, December 31, 2024	472,306,938	153,069,395	\$ 206,419
Shares issued for board fees (Note 16 d.)	4,407,063	-	-
Restricted stock units and options (Note 16)	4,058,476	-	-
Conversion of Exchangeable Shares	153,069,395	(153,069,395)	-
Private placement issuance of shares and warrants (Note 16 g.)	3,500,000	-	210
Balance, September 30, 2025	637,341,872	-	\$ 206,629

Equity transactions

During the nine months ended September 30, 2025 and year ended December 31, 2024, the following transactions took place involving shareholders' equity:

- a. On August 28, 2024, the Company issued to its Board of Directors' members 865,382 common shares as compensation for their service on the Board of Directors during the second fiscal quarter of 2024, resulting in an increase in share-based compensation reserve of \$113. Shares were issued at fair value, being the trading price on the date of issuance. See Note 16 d. for additional Board of Directors common share activity.
- b. In connection with the execution of the RIV Transaction, on December 18, 2024, the day immediately prior to closing, the Company issued 153,069,395 non-voting Fluent Exchangeable Shares to The Hawthorne Collective, a previous creditor of RIV Capital, in exchange for the Hawthorne Notes receivable from RIV Capital. The Fluent Exchangeable Shares represent a newly created class of non-voting shares of the Company, and are convertible into common shares of Fluent on a one-for-one basis. As the Fluent Exchangeable Shares are convertible into a fixed number of the Company's common shares, the fixed-for-fixed criteria is met, and the Fluent Exchangeable Shares are classified as equity instruments within share capital of the Company. Fluent Exchangeable Shares include nomination, participation, and other rights in favor of The Hawthorne Collective until converted.

The Fluent Exchangeable Shares form a component of consideration in the RIV Transaction discussed in Note 3. As outlined in the RIV Transaction agreements, the Hawthorne Notes receivable received in exchange for the Fluent Exchangeable Shares were legally set-off against the pre-existing lender and borrower Bridge Note payable instruments in tandem with closing.

On July 18, 2025, The Hawthorne Collective exercised the conversion right attached to the Exchangeable Shares by converting all 153,069,395 of its Exchangeable Shares into common shares of the Company. Immediately prior to the conversion, The Hawthorne Collective did not beneficially own, directly or indirectly, or exercise control or direction over any common shares.

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Following the conversion, The Hawthorne Collective beneficially owned 153,069,395 common shares of the Company, representing approximately 25.2% of the issued and outstanding common shares.

- c. On December 19, 2024, the Company issued 171,547,344 common shares to the former shareholders of RIV Capital, which formed part of the business combination consideration discussed in Note 3.
- d. On February 7, 2025, the Company issued to its Board of Directors' members 1,657,063 common shares as compensation for their service on the Board of Directors during the fourth fiscal quarter of 2024, resulting in an increase in share-based compensation reserve of \$117, which was accrued as of December 31, 2024. Shares were issued at fair value, being the trading price on the date of issuance.

On July 24, 2025, the Company issued to its Board of Directors' members 2,750,000 common shares as compensation for their service on the Board of Directors during the second fiscal quarter of 2025, resulting in an increase in share-based compensation reserve of \$138. Shares were issued at fair value, being the trading price on the date of issuance.

- e. On May 15, 2025, a holder of the Company's proportionate voting shares elected to convert 12,480 proportionate voting shares into 124,800 common shares of the Company. No consideration was received, and no impact was reported within the Company's share capital reserve.
- f. On May 29, 2025, 25,000 employee restricted stock units were redeemed for common shares of the Company. Common shares were withheld to cover employee income taxes associated with the redemption, which resulted in the net issuance of 19,500 common shares of the Company. No consideration was received, and no impact was reported within the Company's share capital reserve.
- g. On September 6, 2025, the Company completed a non-brokered private placement offering of 3,500,000 common shares at a price of \$0.06 per share for aggregate gross proceeds of \$210. The private placement was completed solely with the Company's new Interim Chief Executive Officer, in connection with his employment agreement with the Company.

Share capital

The Company is authorized to issue an unlimited number of common shares, each with no par value. As of September 30, 2025, the share capital of the Company is comprised of 612,839,992 common shares, 2,450,188 proportionate voting shares (each proportionate voting share is convertible into ten common shares), 15,000,000 warrants, 23,274,875 stock options, 647,815 restricted stock units, and 0 exchangeable shares. For the purpose of the statement of changes in shareholders' equity, the proportionate voting shares have been included as part of common shares based on the 1 for 10 conversion ratio.

Earnings per share is calculated using the weighted average number of shares outstanding during the year on a basic and fully diluted basis. As the Company was in a loss position for the three and nine months ended September 30, 2025 and September 30, 2024, respectively, earnings per share for those periods was calculated using the basic number of outstanding shares.

During the nine months ended September 30, 2025, 12,500,000 common share warrants expired unexercised (year ended December 31, 2024 – no warrant activity).

Restricted stock unit activity for the nine months ended September 30, 2025 and the year ended December 31, 2024 is as follows:

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	September 30, 2025	December 31, 2024
Outstanding at beginning of period	5,220,770	5,861,320
Granted during the period	-	460,000
Forfeited during the period	(483,980)	(650,354)
Redeemed during the period ⁽¹⁾	(4,088,976)	(450,196)
Outstanding at end of period	647,814	5,220,770
Outstanding RSUs vested at end of period	-	3,240,511

⁽¹⁾ RSUs redeemed for common shares during the nine months ended September 30, 2025 were net of 5,500 shares withheld to cover employee taxes (year-ended December 31, 2024 – not of 85,351 shares withheld)

Stock option activity for the nine months ended September 30, 2025 and the year ended December 31, 2024 is summarized below:

		W.A. Exercise Price
Outstanding as of December 31, 2023	10,061,725	\$ 0.31
Granted	1,020,900	0.07
Forfeited	(1,493,300)	0.46
Expired	(35,000)	0.44
Outstanding as of December 31, 2024	9,554,325	\$ 0.26
Granted	23,349,500	0.05
Forfeited	(5,541,500)	0.05
Expired	(4,087,450)	0.19
Outstanding as of September 30, 2025	23,274,875	\$ 0.11
Options exercisable as of September 30, 2025	5,209,575	\$ 0.34

17. Expense by nature

General and administrative expenses for the three and nine months ended September 30, 2025, and 2024, are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
General and administrative				
Legal and professional fees	\$ 1,224	\$ 1,703	\$ 2,937	\$ 6,268
Salaries and benefits	1,897	1,446	6,438	4,142
Insurance	673	365	1,930	1,053
Facility expense	87	10	327	20
Travel and entertainment	100	94	312	209
IT and cellular services	124	108	424	278
Payroll processing fees	93	54	292	164
Other	121	133	665	349
Total general and administrative	\$ 4,319	\$ 3,913	\$ 13,325	\$ 12,483

Sales and marketing expenses for the three and nine months ended September 30, 2025 and 2024, are as follows:

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As of September 30, 2025 and December 31, 2024

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Sales and marketing				
Salaries and benefits	\$ 4,449	\$ 4,642	\$ 14,072	\$ 14,120
Advertising expenses	91	64	615	385
Facility expense	1,070	157	3,294	488
Legal and professional fees	-	77	3	286
IT and cellular services	173	142	569	426
Travel and entertainment	28	65	109	144
Other	(126)	699	(155)	1,449
Total sales and marketing	\$ 5,685	\$ 5,846	\$ 18,507	\$ 17,298

18. Commitments and contingencies

(a) Commitments

As at September 30, 2025, the Company had the following obligations on an undiscounted basis:

	< 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Accounts payable	\$ 5,343	\$ -	\$ -	\$ -	\$ 5,343
Accrued expenses	9,852	-	-	-	9,852
Insurance financing	1,465	-	-	-	1,465
Notes payable	10,331	20,379	91,717	879	123,306
Lease obligations	13,603	26,201	23,919	62,889	126,612
Uncertain tax position	-	55,994	-	-	55,994
Total	\$ 40,594	\$ 102,574	\$ 115,636	\$ 63,768	\$ 322,572

The table above, which relates to the Company's financial obligations that are of determinable timing and amount, does not include Tranche 3 and Tranche 4 payments of the Special License Fee discussed in Note 13 as the timing of these payments is uncertain as at September 30, 2025.

Special License Fee

As discussed in Note 13, on May 9, 2025, changes were made to the New York regulations such that Tranche 3 and Tranche 4 payments of the Special License Fee were reduced from \$5,000 each to \$4,000 each. The payments remain payable upon the occurrence of certain events, which are subject to significant estimation uncertainty as they are tied to revenue milestones.

Buffalo Facility Excess Project Costs

Pursuant to the Company's Buffalo Facility lease agreement, total project cost overruns above the original construction budget for the development of the Buffalo Facility are borne solely by the Company as lessee, and are payable in installments over the remainder of the construction project once such overruns are determined (the "Excess Project Costs"). As at September 30, 2025, the Company had paid Excess Project Costs of \$11,207.

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***(b) Contingencies**

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as of September 30, 2025, medical marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(b) Claims and litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of September 30, 2025, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations, except for the claims disclosed below. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

19. Related-party transactions**Key management personnel compensation**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities for the Company, directly and indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. For the three and nine months ended September 30, 2025 and 2024, key management personnel compensation consisted of the following:

	For the three months ended September		For the nine months ended September	
	2025	2024	2025	2024
Salary	\$ 641	\$ 771	\$ 2,054	\$ 2,128
Option-based compensation	51	17	45	31
Share-based compensation (including RSUs)	(24)	19	143	58
All other compensation (including cash-settled Board fees)	180	112	318	338
Total	\$ 846	\$ 919	\$ 2,559	\$ 2,555

Transactions with related parties*Board of Directors*

On January 8, 2024, the Company entered into a commercial lease with Nittany Management, LLC. Nittany Management, LLC is owned by the Company's current Executive Chairman. The lease is for real property located in Tampa Florida, that includes a 20,000 square foot building. The commercial lease is for a ten-year term, base rent under the lease is \$362 per year with 3% increases to base rent each year.

On May 28, 2024, the Company made an amendment to the January 8, 2024 commercial lease with Nittany Management, LLC in which an additional \$1,360 became due under the lease for the property located in Tampa Florida and will be repaid over a 3-year period accruing interest at 13% year. See Note 14 for the complete terms of the amendment.

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On August 28, 2024, the Company issued to its Board of Directors' members 865,382 common shares as compensation for their service on the Board of Directors during the second fiscal quarter of 2024, resulting in an increase in share-based compensation reserve of \$113. Shares were issued at fair value, being the trading price on the date of issuance.

On November 26, 2024, in connection with the closing of the Credit Agreement, the Company and William Smith, a director and the Executive Chair of Consortium, and certain companies controlled by Mr. Smith, amended and restated the termination agreement dated May 30, 2024, which provided for, among other things, the termination of the floor share agreement (Note 12) in exchange for the issuance of a 3-year \$6,500 subordinated promissory note, all to occur on the closing of the business combination with RIV Capital Inc. Pursuant to the terms of the Amended Smith Transaction Termination Agreement, Consortium paid to the Smith Group a \$500 cash fee and issued to the Smith Group a secured subordinated convertible note in an initial aggregate principal amount of \$6,500 due May 26, 2029, bearing interest of 15%, with all accrued but unpaid interest compounded quarterly, and without a Company right to prepay the note after year two. The Smith Convertible Note is subordinated in the right of payment to the Credit Agreement and the principal and accrued interest thereunder is convertible, at the discretion of the Smith Group, into shares at a price of \$0.21 per share.

On February 7, 2025, the Company issued to its Board of Directors' members 1,657,063 common shares as compensation for their service on the Board of Directors during the fourth fiscal quarter of 2024, resulting in an increase in share-based compensation reserve of \$117, which was accrued as of December 31, 2024. Shares were issued at fair value, being the trading price on the date of issuance.

On July 24, 2025, the Company issued to its Board of Directors' members 2,750,000 common shares as compensation for their service of the Board of Directors during the second fiscal quarter of 2025, resulting in an increase in share-based compensation reserve of \$138. Shares were issued at fair value, being the trading price on the date of issuance.

On August 28, 2025, by way of a private placement, the Company's interim CEO, Dave Vautrin, purchased 3,500,000 common shares at a price of \$0.06 per share for aggregate gross proceeds of \$210.

During the nine months ended September 30, 2025 and 2024, the Company engaged Robert O. Beasley, P.A., ("Law Firm") to represent the Company on various legal matters. The Company's former CEO is a partner at Robert O. Beasley, P.A. Services performed by the Law Firm included litigation, regulatory and general counsel services. Services were provided in normal commercial terms; the Company's former CEO did not participate in the legal services rendered by the Law Firm. During the nine months ended 2025 and 2024, the Company recognized legal expenses of \$268 and \$421, respectively, to Robert O. Beasley, P.A. At September 30, 2025, the Company had a balance outstanding of \$22 due to Robert O. Beasley, P.A. (December 31, 2024 - \$nil).

20. Financial instruments and financial risk management

Financial instruments

The Company's financial instruments consist of cash, trade receivables, other investments, trade payables, accrued liabilities, derivative liabilities, notes payable, lease obligations, and other long-term liabilities.

Financial assets

- (i) Cash is comprised of deposits held in financial institutions and cash held at dispensary locations.
- (ii) Trade receivables represent amounts receivable from adult-use and medical cannabis

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Financial liabilities

- (i) Notes payable are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such liabilities are recognized initially at fair value and subsequently at amortized cost using the effective interest method. They are included in non-current liabilities, except for the portion due within 12 months of the reporting date, which are classified as current assets.
- (ii) Compound financial instruments issued by the Company comprise convertible notes payable that are convertible to share capital at the option of the holder. The liability component of the Company's compound financial instruments is measured initially at fair value or residual value, and is subsequently measured at amortized cost using the effective interest method. If the conversion feature meets the fixed-for-fixed criteria to be considered equity, the company records the value of the conversion option directly within equity and does not remeasure. If the conversion feature fails the fixed-for-fixed criteria, it is treated as an embedded derivative liability initially measured at fair value and subsequently remeasured at FVTPL.
- (iii) Other financial liabilities include the Company's trade payables and accrued liabilities. The effective interest method is used to calculate the amortized cost of a financial liability and allocates interest expense over the term to maturity.
- (iv) The effective interest rate is the rate that is used to discount estimated future cash receipts or payments over the expected life of the financial asset or liability.

Fair value measurement

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the reliability of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the year.

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board mitigates these risks by assessing, monitoring, and approving the Company's risk management processes:

(a) Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure as of December 31, 2024 is the carrying amount of cash and trade receivables. All cash is placed with major U.S. financial institutions. Credit risk from due from trade receivables and note receivable arises from the possibility that amounts due become uncollectible.

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The Company applies an expected credit loss model to all financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred as at the statement of financial position date. The Company is exposed to credit risk primarily through its trade accounts receivable and manages risk through the credit terms extended to its wholesale customers. The Company also monitors the cash-on-delivery retailers published by the New York Office of Cannabis Management (“OCM”). The Company assesses the collectability of its trade accounts receivable on a regular basis through an aging analysis, and utilizes a matrix to estimate a provision for ECLs. The Company measures the loss allowance for trade accounts receivable at an amount equal to the 12-month ECLs. As at September 30, 2025, the Company had estimated its provision for credit losses to be \$51 on its trade receivables (December 31, 2024 – \$12).

(b) Market risk

Market risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market conditions.

(i) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk.

The Company is not significantly exposed to other price risk with respect to its financial instruments, as their fair values and future cash flows are not impacted materially by fluctuations in market prices.

(ii) Currency risk

The consolidated operating results and consolidated financial position of the Company are reported in U.S. dollars. Some of the Company’s financial transactions are denominated in currencies other than the U.S. dollar. The results of the Company’s operations are subject to currency transaction and translation risks.

As of September 30, 2025 and December 31, 2024, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time as it deems its foreign currency exposure to be nominal.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements and maintaining sufficient cash balances for settlement of financial liabilities on their due dates.

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(d) Regulatory risk

Notwithstanding that most of the states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company and leaves their cash holdings vulnerable.

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

21. Capital management

The Company's objective is to maintain a sufficient capital base so as to: (i) maintain investor, creditor, and customer confidence; (ii) sustain future development of the business through both organic and acquisition-based growth; and (iii) provide the ability to continue as a going concern. The Company considers its capital structure to include shareholders' equity and interest-bearing debt. Total managed capital is as follows:

	September 30, 2025	December 31, 2024
Notes payable	\$ 79,443	\$ 76,012
Share capital	206,629	206,419
Total managed capital	\$ 286,072	\$ 282,431

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. Under the Company's Term Loan, the Company is required to maintain an unrestricted cash balance of \$4,500 at each quarter-end. Management reviews its capital management approach on an ongoing basis.

22. Finance costs

The Company's finance costs for the three and nine months ended September 30, 2025 and 2024 are as follows:

Fluent Corp.**Notes to the Condensed Interim Consolidated Financial Statements****As of September 30, 2025 and December 31, 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest income	\$ (67)	\$ (15)	\$ (461)	\$ (37)
Interest expense	2,380	2,503	6,956	6,995
Accretion costs	1,004	1,483	2,810	4,157
Interest on right of use assets	2,027	1,183	5,647	3,588
Loan fees	191	-	654	-
Other Income	-	-	-	(3)
Finance costs, net	\$ 5,535	\$ 5,154	\$ 15,606	\$ 14,700

23. Supplemental Cash Flow Information

The following table presents supplemental information for the nine months ended September 30, 2025 and 2024:

	For the nine months ended September 30,	
	2025	2024
Income taxes paid	\$ 3,130	\$ 2,104
Interest paid	\$ 6,341	\$ 6,734

24. Employee Retention Tax Credits

During 2023, the Company determined that it was eligible to claim Employee Retention Tax Credits (“ERTC”) in the form of refunds of certain federal employment taxes as authorized and established under the CARES Act. As a result, in 2023 the Company filed amended employment tax returns for certain periods in 2021 to claim refunds related to the ERTC of approximately \$4,100.

In August 2023, the Company entered an agreement to sell its ERTC for \$3,400. Pursuant to the terms of the agreement, the buyer has the right to put all or a portion of the ERTC back to the Company, at such time where Company shall be obligated to pay a repurchase price within 10 business days after demand, equal to the portion of the claim amount, plus interest thereon at 10% per annum. As at December 31, 2024 the Company recorded a current liability of \$3,400 on its consolidated statement of financial position.

In February 2025, the Company received refunds from the ERTC tax credit totaling \$4,520. The payment satisfied the Company’s obligation to the buyer in full. The ERTC funds received by the Company may be subject to audit in the current and future years. As a result, there is at least a reasonable possibility that the ERTC funds received, or a portion thereof, may need to be repaid in the future. The Company believes it is entitled to the ERTC tax credits received.