

# **Fluent Corp.**

## **Consolidated Financial Statements**

**As of and for the years ended  
December 31, 2025 and 2024**

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

**Fluent Corp.**  
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## Independent Auditors' Report

### To the Shareholders of FLUENT Corp. Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of FLUENT Corp. and its subsidiaries (together, the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income (loss) and comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$72.5 million during the year ended December 31, 2025 and, as of that date, had cash and cash equivalents of \$8.9 million and working capital of \$3.5 million. As stated in Note 2, these events and conditions, along with other matters set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

In the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Company's ability to continue as a going concern.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### **Valuation of biological assets and inventory**

#### *Key Audit Matter*

As described in Note 7 to the consolidated financial statements, the Company's biological assets balance as of December 31, 2025, was \$2.7 million and consisted entirely of live plants. They are measured at fair value less costs to sell at the end of each reporting period in accordance with IAS 41 – *Agriculture*. The Company applies a model that utilizes an income approach to determine the fair value less costs to sell at a specific measurement date, based on the existing cannabis plant's stage of completion up to the point of harvest.

As described in Note 8 to the consolidated financial statements, the Company's net inventory as of December 31, 2025, was \$12.8 million and consisted of work-in-progress, finished goods, supplies, packaging and materials. Inventory is recorded at cost and subsequently measured at the lower of cost and net realizable value. Significant inputs and assumptions include the allocation of production and overhead costs to units produced and the incorporation of the fair value less costs to sell of biological assets at the point of harvest, which becomes the initial cost basis for inventory. These estimates require management judgment and are based on operational inputs such as yield expectations, cost accumulation by processing stage, and pricing trends. Additionally, the Company records a provision for obsolete, redundant, or slow-moving inventory, which requires significant judgment.

The valuation of biological assets and inventory was identified as a key audit matter due to the significant assumptions management applied in determining their valuation and the increased level of audit effort required to assess the reasonableness of management's assumptions and estimates.

### *How our audit addressed the key audit matter*

The primary audit procedures performed to address this key audit matter included:

- Obtained an understanding of the Company's internal control activities related to biological assets and inventory.
- Obtained an understanding of management's valuation methodologies for biological assets and inventory, including the assumptions used in estimating yields, lifecycle timing, and fair value inputs for biological assets, as well as the allocation of labor and overhead costs.
- Audited key inputs used in the biological asset valuation model, including estimated yield, loss rate, stage of growth, selling price per gram, and costs to sell, by comparing them to cultivation data, historical harvest performance, recent sales prices, and external market information.
- Evaluated the reasonableness of significant assumptions by testing inventory cost components against historical production data and supporting third-party purchase documentation for inputs such as packaging materials.
- Evaluated the appropriateness of management's methodology and the significant assumptions used in assessing net realizable value and estimating reserves for slow-moving or excess inventory, by comparing them to historical sales data, independent calculations, current selling prices and costs, and evidence obtained in other audit areas.
- Tested the mathematical accuracy of management's calculations and assessed the completeness and accuracy of the underlying data used, including calculations related to the estimated allocation between trim and flower bud and other cultivation-stage metrics that directly influence inventory valuation.
- Evaluated the appropriateness of cost of sales classifications, including considerations related to Section 280(E) of the Internal Revenue Code.
- Assessed the appropriateness of the related disclosures in the consolidated financial statements.

### **Evaluation of the impairment analysis for goodwill and intangible assets**

#### *Key Audit Matter*

As described in Notes 11 and 12 to the consolidated financial statements, the carrying values of the Company's goodwill and intangible assets, net of accumulated amortization, were \$1.5 million and \$33.1 million, respectively, as of December 31, 2025. The Company conducts impairment testing annually or when a triggering event occurs that indicates the carrying value of a cash generating unit ("CGU") might exceed its recoverable amount. The Company recognized a \$36.9 million impairment loss for the year ended December 31, 2025 related to its New York CGU, of which \$3.8 million was allocated to intangible assets, \$12.6 million to property, plant and equipment, and \$20.5 million to lease right-of-use assets. No portion of the impairment was allocated to goodwill, as no goodwill is associated with the New York CGU.

We identified the evaluation of goodwill and intangible asset impairment as a key audit matter due to the high degree of auditor judgment required to assess the significant assumptions used in determining fair value estimates. This evaluation involved the use of professionals with specialized skills and knowledge. Additionally, the sensitivity of reasonably possible changes to these assumptions could have a significant impact on the fair value determination and the Company's impairment assessment.

*How our audit addressed the key audit matter*

The primary audit procedures performed to address this key audit matter included:

- Obtained an understanding of internal controls related to management's impairment assessment process for goodwill and intangible assets.
- Assessed the appropriateness of the CGUs considered in management's impairment analysis, ensuring alignment with the Company's organizational structure and financial reporting.
- Evaluated the impairment analysis performed by a third-party valuation specialist engaged by management, including assessing key assumptions, methodologies, and consistency with relevant accounting standards.
- Reviewed the credentials and expertise of the third-party valuation firm to determine whether its personnel had the necessary qualifications, experience, and industry knowledge to perform the impairment analysis.
- Assessed the reasonableness of the Company's forecasted sales growth rates and margins by comparing growth assumptions to historical performance, industry trends, and relevant market data.
- With the assistance of our firm's valuation specialists, we tested the appropriateness of management's judgments and assumptions in its impairment analysis, including:
  - Verified the mathematical accuracy of the impairment calculations and assessed the completeness and accuracy of the underlying data used.
  - Evaluated the appropriateness of the valuation methodologies applied by management, as well as the reasonableness of key assumptions and inputs, including discount rates, market multiples, risk-free rate, and the weighted-average cost of capital.
  - Performed procedures to assess the impact of potential changes in key assumptions on the fair value of CGUs deemed at risk of impairment.
  - Compared management's key assumptions to historical financial performance, industry and market trends, and corroborating audit evidence to assess their reasonableness.
- Assessed the appropriateness of the related disclosures in the consolidated financial statements.

## **Evaluation of uncertain tax positions**

### *Key Audit Matter*

As described in Note 14 to the consolidated financial statements, the Company has taken uncertain tax positions based on legal interpretations that challenge its tax liability under Internal Revenue Code Section 280(E) and inventory costs for tax purposes. The Company has filed amended tax returns for tax year 2022 based on these legal interpretations. Uncertainty in a tax position may arise because tax laws are subject to interpretation. The Company uses significant judgment to (1) determine whether, based on the technical merits, a tax position is more likely than not to be sustained and (2) measure the amount of tax benefit that qualifies for recognition. As of December 31, 2025, the Company's uncertain tax position was \$60.1 million.

Auditing management's estimate of the amount of tax benefit that qualifies for recognition involved especially challenging judgment because management's estimate is complex, highly subjective and based on interpretations of tax laws and legal rulings.

### *How our audit addressed the key audit matter*

The primary audit procedures performed to address this key audit matter included:

- With the assistance of our tax specialists, we assessed the technical merits of the Company's tax positions, including evaluating income tax interpretations and third-party advice from law firm obtained by the Company and the Company's process of filing tax returns with uncertain tax positions.
- Evaluated the appropriateness of the Company's accounting for its tax positions taking into consideration relevant federal and state income tax laws.
- Analyzed the Company's assumptions and data used to determine the amount of tax benefit to recognize and tested the completeness and accuracy of the calculations.
- Evaluated the adequacy of the Company's consolidated financial statement disclosures related to these tax matters.

### **Other Information**

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lazaro Hernandez.

*PKF O'Connor Davies, LLP*

New York, New York  
April 29, 2026

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# Fluent Corp.

## Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended December 31, 2025 and 2024

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

	Notes	December 31, 2025	December 31, 2024
<b>Assets</b>			
Current assets			
Cash and cash equivalents (includes \$4,500 of restricted cash)	17(d)	\$ 8,910	\$ 40,106
Accounts receivable, net		839	422
Biological assets	7	2,670	3,162
Inventories, net	8	12,815	15,155
Prepaid expenses and other current assets	9	3,482	2,587
<b>Total current assets</b>		<b>\$ 28,716</b>	<b>\$ 61,432</b>
Property and equipment, net	10	39,755	52,200
Right-of-use assets, net	18	43,747	46,731
Intangible assets, net	11	33,114	37,590
Goodwill	12	1,525	1,525
Deferred tax assets, net	14	-	1,039
Other assets	13	1,725	6,476
<b>Total assets</b>		<b>\$ 148,582</b>	<b>\$ 206,993</b>
<b>Liabilities and shareholders' deficit</b>			
Current liabilities			
Accounts payable		\$ 6,942	\$ 6,332
Accrued expenses		9,903	8,423
Income taxes payable	14	-	1,003
Derivative liabilities	15	1,632	2,148
Provision liability - current portion	16	-	4,957
Current portion of notes payable	17	1,253	755
Lease obligations - current portion	18	5,474	4,751
<b>Total current liabilities</b>		<b>\$ 25,204</b>	<b>\$ 28,369</b>
Long-term liabilities			
Notes payable, net of current portion and financing costs	17	59,613	68,775
Lease liabilities, net of current portion	18	65,982	51,727
Deferred tax liabilities, net	14	4,053	4,817
Uncertain tax position	14	60,146	43,314
Provision liability, net of current portion	16	7,004	9,044
Convertible notes, net	17	7,540	6,482
Other long-term liabilities		-	3,447
<b>Total long-term liabilities</b>		<b>\$ 204,338</b>	<b>\$ 187,606</b>
<b>Total liabilities</b>		<b>\$ 229,542</b>	<b>\$ 215,975</b>
<b>Shareholders' deficit</b>			
Share capital	19	206,629	206,419
Share-based compensation reserve	19	7,583	7,275
Equity conversion feature	19	7,097	7,097
Warrants		29,634	29,634
Accumulated deficit		(330,707)	(258,211)
Accumulated other comprehensive loss		(1,196)	(1,196)
<b>Total shareholders' deficit</b>		<b>\$ (80,960)</b>	<b>\$ (8,982)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>\$ 148,582</b>	<b>\$ 206,993</b>

Other notes include:

Nature of operations (Note 1)  
Basis of presentation (Note 2)  
Material accounting policy information (Note 3)  
Critical accounting estimates and judgments (Note 4)  
Business combination (Note 5)  
Discontinued operations (Note 6)  
Commitments and contingencies (Note 21)  
Related-party transactions (Note 22)  
Financial instruments and financial risk (Note 23)  
Capital management (Note 24)  
Supplemental cash flow information (Note 26)  
Employee retention tax credits (Note 27)  
Subsequent events (Note 28)

Approved on behalf of the Board:

Dave Vautrin  
Chief Executive Officer (Interim)

Patricia Fonseca  
Chief Financial Officer

**Fluent Corp.**
**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**
**For the years ended December 31, 2025 and 2024**
*(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

	Notes	For the years ended	
		December 31, 2025	December 31, 2024
Revenue, net of discounts		\$ 86,689	\$ 87,392
Cost of goods sold		58,075	43,080
Gross profit before fair value adjustments		28,614	44,312
Fair value adjustments on inventory sold	7	187	(3,642)
Unrealized gain (loss) on changes in fair value of biological assets	7	(733)	7,872
Gross profit		28,068	48,542
Expenses			
General and administrative	20	16,883	17,576
Sales and marketing	20	22,185	20,221
Depreciation and amortization	10, 11	7,370	6,396
Share-based compensation	19	308	538
Total expenses		46,746	44,731
Income (loss) from operations		(18,678)	3,811
Other expense (income)			
Finance costs, net	25	20,854	19,608
Change in fair value of derivative liability	15	(516)	(9,684)
Change in remeasurement of provision liability	16	(5,203)	-
Loss on debt settlement and remeasurement	17	479	8,725
Loss on disposal of assets		490	237
Impairment of intangible assets, property and equipment, and right-of-use assets	10, 11, 18	36,910	64,285
Gain on lease modifications		(253)	(223)
Bargain purchase gain on business combination	5	-	(44,520)
Loss on loan		-	1,201
Income from ERTC Credit	27	(3,447)	-
Other expense (income)		(19)	68
Total other expense, net		49,295	39,697
Income (loss) before income taxes		(67,973)	(35,886)
Income tax expense	14	17,718	5,427
Net income (loss) from continuing operations		(85,691)	(41,313)
Net income (loss) from discontinued operations	6	13,195	923
Net income (loss)		\$ (72,496)	\$ (40,390)
Net loss from discontinued operations		-	-
Net income (loss)		\$ (72,496)	\$ (40,390)
<b>Other comprehensive income (loss)</b>			
Foreign currency translation adjustment		-	(862)
<b>Comprehensive income (loss)</b>		\$ (72,496)	\$ (41,252)
Net income (loss) per share			
Basic and diluted - continuing operations		\$ (0.16)	\$ (0.14)
Basic and diluted - discontinued operations		\$ -	\$ -
Basic - discontinued operations		\$ 0.02	\$ 0.00
Diluted - discontinued operations		\$ 0.02	\$ 0.00
Weighted average number of shares			
Basic number of shares	19	547,787,979	305,528,621
Diluted number of shares	19	667,388,977	319,363,971

**Fluent Corp.**

**Consolidated Statements of Changes in Shareholders' Deficit**

**For the years ended December 31, 2025 and 2024**

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

	Share capital			Reserves					Total shareholders' deficit
	Number of unrestricted common shares	Number of exchangeable shares	Amount	Share-based compensation reserve	Equity conversion feature	Warrants	Accumulated deficit	Accumulated other comprehensive loss	
<b>Balance, December 31, 2023</b>	<b>299,529,367</b>	-	<b>\$ 183,690</b>	<b>\$ 6,739</b>	<b>\$ 6,677</b>	<b>\$ 29,634</b>	<b>\$ (217,821)</b>	<b>\$ (334)</b>	<b>\$ 8,585</b>
Common shares issued in business combination (Note 19 c.)	171,547,344	-	12,014	-	-	-	-	-	12,014
Exchangeable shares issued in business combination (Note 19 b.)	-	153,069,395	10,715	-	-	-	-	-	10,715
Restricted stock units and options (Note 19)	364,845	-	-	306	-	-	-	-	306
Shares issued for board fees (Note 19 a.)	865,382	-	-	230	-	-	-	-	230
Issuance of Bridge Note (Note 17 h.)	-	-	-	-	420	-	-	-	420
Net loss	-	-	-	-	-	-	(40,390)	-	(40,390)
Other comprehensive loss, net of tax	-	-	-	-	-	-	-	(862)	(862)
<b>Balance, December 31, 2024</b>	<b>472,306,938</b>	<b>153,069,395</b>	<b>\$ 206,419</b>	<b>\$ 7,275</b>	<b>\$ 7,097</b>	<b>\$ 29,634</b>	<b>\$ (258,211)</b>	<b>\$ (1,196)</b>	<b>\$ (8,982)</b>
Shares issued for board fees (Note 19 d.)	4,407,063	-	-	138	-	-	-	-	138
Restricted stock units and options (Note 19)	4,479,623	-	-	170	-	-	-	-	170
Conversion of Exchangeable Shares (Note 19 b.)	153,069,395	(153,069,395)	-	-	-	-	-	-	-
Private placement issuance of shares (Note 19 g.)	3,500,000	-	210	-	-	-	-	-	210
Net loss	-	-	-	-	-	-	(72,496)	-	(72,496)
<b>Balance, December 31, 2025</b>	<b>637,763,019</b>	-	<b>\$ 206,629</b>	<b>\$ 7,583</b>	<b>\$ 7,097</b>	<b>\$ 29,634</b>	<b>\$ (330,707)</b>	<b>\$ (1,196)</b>	<b>\$ (80,960)</b>

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

**Fluent Corp.**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2025 and 2024**

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

	For the year ended December 31,	
	2025	2024
<b>Cash flows provided by (used in) operating activities</b>		
Net loss	\$ (72,496)	\$ (40,390)
<b>Adjustments for non-cash items:</b>		
Bargain purchase gain on business combination	-	(44,520)
Loss on issuance and extinguishment of debt instruments, net	-	8,225
Inventory write-down	1,984	81
Intangible assets impairment	3,788	64,285
Right of use assets impairment	20,521	-
Property, plant, and equipment impairment	12,601	-
Unrealized (gain) loss on changes in fair value of biological asset:	733	(7,872)
Realized (gain) loss on fair value amounts included in inventory :	(187)	3,642
Share-based compensation expense	308	538
Depreciation and amortization	21,243	14,995
Accretion and interest expense	21,028	12,370
Income from ERTC tax credit	(3,447)	-
Loss on disposition of fixed assets	491	237
Loss on debt settlement	479	-
Gain on remeasurement of provision liability	(5,203)	-
Loss (gain) on lease modification	(253)	(223)
Gain on disposition of subsidiary	(12,035)	-
Net change in fair value of derivative	(516)	(9,684)
Deferred tax expense (recovery)	275	(12,850)
Net change in non-cash working capital		
Accounts receivable	(417)	24
Biological assets	(20,918)	(17,551)
Inventory	20,884	20,087
Prepaid expenses and other current assets	1,141	1,464
Right of use assets/liabilities	(12,070)	(4,840)
Other assets	4,702	(492)
Accounts payable	(127)	805
Accrued expenses	1,074	(8,430)
Uncertain tax position	16,832	43,314
Other long-term liabilities	-	(435)
Income taxes	(1,003)	(21,006)
<b>Net cash provided by (used in) operating activities (see Note 6)</b>	<b>\$ (588)</b>	<b>\$ 1,774</b>
<b>Cash flows used in investing activities</b>		
Cash acquired through business combination	-	39,501
Purchases of property and equipment	(14,039)	(16,173)
Purchase of intangible assets	(358)	(1,332)
Sale of subsidiaries - Consortium Pennsylvania LLC	11,600	-
<b>Net cash provided by (used in) investing activities (see Note 6)</b>	<b>\$ (2,797)</b>	<b>\$ 21,996</b>
<b>Cash flows used in financing activities</b>		
Net proceeds from issuance of shares and warrants	210	-
Proceeds from issuance of convertible notes, net of financing costs	-	8,975
Mandatory prepayment of term loan	(11,600)	-
Payment of lease obligations	(4,764)	(2,814)
Net proceeds from equipment loan	-	48
Proceeds from term loan, net of financing costs	-	68,976
Repayments of principal on term loan	-	(67,173)
Principal and interest repayments of notes payable	(11,657)	(1,335)
<b>Net cash provided by (used in) financing activities (see Note 6)</b>	<b>\$ (27,811)</b>	<b>\$ 6,677</b>
Net change in cash	(31,196)	30,447
Effect of foreign exchange on cash and cash equivalents	-	(862)
Cash, beginning of period	40,106	10,521
<b>Cash, end of period</b>	<b>\$ 8,910</b>	<b>\$ 40,106</b>

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

## **Fluent Corp.**

### **Notes to the Consolidated Financial Statements**

#### **For the years ended December 31, 2025 and 2024**

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

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#### **1. Nature of Operations**

Fluent Corp. (the “Company”) 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, M5H 2V1.

The Company, through its subsidiaries, is licensed to produce and sell medical cannabis in Florida and Texas and was licensed to sell medical cannabis in Pennsylvania, prior to the disposition of its Pennsylvania operations on December 31, 2025 (see Note 6).

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 5 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.

During the years ended December 31, 2025 and 2024, the Company’s operations were organized into four operating segments, resulting in one reportable segment. All revenues for the years ended December 31, 2025 and 2024 were generated in the United States.

#### **2. Basis of Preparation**

##### **(a) Statement of compliance**

The annual consolidated financial statements (the “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 consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on April 29, 2026.

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 Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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

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**(b) Material uncertainty related to going concern**

These consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The going concern basis of accounting contemplates the realization of assets and the settlement of liabilities in the normal course of business.

As of December 31, 2025, the Company had cash and cash equivalents of \$8,910 and working capital of \$3,512. For the year ended December 31, 2025, the Company incurred a net loss of (\$72,496) and experienced negative operating cash flows of (\$588).

These conditions indicate the existence of events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Subsequent to year end, the Company has been pursuing strategic initiatives intended to strengthen its liquidity position and support ongoing operations. These initiatives include, among others, obtaining additional financing and pursuing strategic transactions with third parties. While management believes these initiatives may provide a pathway to additional capital and improved liquidity, their success is subject to various conditions not wholly within the Company's control.

Accordingly, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Such adjustments could be material.

**(c) Basis of measurement**

These 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.

**(d) Basis of consolidation**

The 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 statements of financial position, consolidated statements of income (loss) and comprehensive income (loss) and in the consolidated statements of changes in shareholders' deficit. 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 consolidated financial statements and the ownership interest held as of December 31, 2025 and 2024, respectively.

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	<b>% Ownership</b>	<b>% Ownership</b>
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cansortium Holdings LLC	100%	100%
Cansortium Pennsylvania, LLC	-	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%

**(e) Reclassification of comparative figures**

As a result of the transaction disclosed in Note 6, the comprehensive income (loss) of the Pennsylvania cannabis operating segment have been reported as a discontinued operation. The Company has restated the comparative figures in the consolidated statements of income (loss) and comprehensive income (loss) to conform to this presentation.

**3. Material accounting policy information****(a) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

**(b) Foreign currency translation**

The consolidated financial statements are presented in thousands of United States (“U.S.”) dollars unless otherwise stated. The functional currency of the Company and the Company’s U.S. and Canadian subsidiaries is the U.S. dollar. The functional currency of the Company’s Brazilian subsidiary is the Brazilian real. The functional currency of the Company’s Colombian subsidiary is the Colombian peso.

The assets and liabilities of foreign operations are translated into U.S. dollars at period end exchange rates. Income, expenses, and cash flows of foreign operations are translated into U.S. dollars using

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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average exchange rates. Exchange differences resulting from the translation of foreign operations are recognized in accumulated other comprehensive income (loss) in shareholders' equity.

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

**(c) Business combinations**

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition-related transaction costs are expensed as incurred, except for the costs incurred to issue debt or equity securities which are recognized according to specific requirements.

Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair value at the date of acquisition. When the Company acquires control of a business, any previously held equity interest is also remeasured to fair value. The excess of the purchase consideration and any previously held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously held equity interest, the difference is recognized in the consolidated statements of income (loss) and comprehensive income (loss) immediately as a bargain purchase gain.

The consideration transferred to obtain control of an acquiree in a business combination consists of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. It includes contingent consideration and certain elements of share-based payment awards exchanged for awards held by the acquiree's employees. Contingent consideration for a business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as a liability is measured at subsequent reporting dates at fair value with the corresponding gain or loss being recognized in the consolidated statement of income (loss) and comprehensive income (loss). If the acquiree's former owners contractually indemnify the Company for a particular uncertainty, an indemnification asset is recognized on a basis that matches the indemnified item, subject to the contractual provisions or any collectability considerations.

A "pre-existing relationship" is any relationship that existed between the acquirer and the acquiree before the business combination was contemplated. Such relationships may be contractual or non-contractual, and include lender and borrower relationships. Because the acquirer consolidates the acquiree following a business combination, pre-existing relationships are effectively settled as a result of the combination. Therefore, such pre-existing relationships are accounted for separately from the business combination. If settlement of a pre-existing relationship is contemplated as part of the business combination and settled prior to the consideration transferred, it is reflected as such within the consideration transferred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted, or additional assets or liabilities are recognized, during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the

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amounts recognized at that time. Upon conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the consolidated statements of income (loss) and comprehensive income (loss).

**(d) Biological assets**

The Company measures biological assets, which consist of cannabis plants, at fair value less costs to sell (“FVLCS”) up to the point of harvest, which becomes the basis for the cost of internally-produced harvested cannabis and finished goods inventory after harvest.

Production costs related to biological assets are capitalized. These costs include the direct costs of seeds and growing materials and consumables, as well as other indirect costs such as utilities and supplies used in the growing process. The cost of direct and indirect labor for individuals involved in the growing and quality control processes is also capitalized, as well as depreciation on production equipment, and overhead costs such as rent and right-of-use asset amortization to the extent it is associated with the growing space. Unrealized fair value gains or losses on the growth of biological assets are reported in a separate line on the face of the consolidated statements of income (loss) and comprehensive income (loss).

**(e) Inventory**

Inventory includes harvested work-in-progress, finished goods, supplies, packaging and materials. Cost is determined using the average cost method.

The Company capitalizes costs incurred after harvest to bring the products to their present location and condition in accordance with IAS 2, Inventories. The direct and indirect costs of inventory initially include the FVLCS of the biological assets at the time of harvest. They also include subsequent costs such as materials, labor and depreciation expense on equipment involved in manufacturing, processing, packaging, labeling and inspection. All direct and indirect costs related to inventory are capitalized as they are incurred and they are subsequently recorded within “cost of goods sold” on the consolidated statements of income (loss) and comprehensive income (loss) at the time cannabis is sold, except for realized FVLCS amounts included in the carrying value of inventory sold, which are presented as a separate line on the consolidated statements of income (loss) and comprehensive income (loss).

Inventory is measured at the lower of cost or net realizable value on the consolidated statements of financial position. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs to sell. The Company reviews inventory for obsolete, redundant, and slow-moving goods at each reporting date and any such inventory is written down to net realizable value. Inventory write-downs are recorded in the consolidated statements of income (loss) through cost of goods sold.

**(f) Property and equipment**

Property and equipment is measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset, including eligible borrowing costs. Expenditures incurred relating to ordinary repairs and maintenance are expensed as incurred unless they meet the criteria for

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

capitalization. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms:

Land	Not depreciated
Furniture and fixtures	7 Years
Computer equipment	3-7 Years
Manufacturing equipment	7 Years
Leasehold improvements	Straight line over the lesser of useful life or term of the lease
Buildings	20 Years
Vehicles	10 Years

The Company assesses an asset's residual value, useful life and method of depreciation on an annual basis and if any events have indicated a change, then adjustments are made as required. An item of property or equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gains or losses arising from derecognition of an asset are calculated as the difference between the net disposal proceeds and the carrying value of the asset and are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

Costs incurred by the Company for tangible assets of property and equipment that are under construction are capitalized to Property and equipment as incurred. Depreciation on tangible assets under construction does not commence until the assets are ready for use, that is, when the assets are in the location and condition capable of operating in the manner intended by management.

The Company's policy on impairment of property and equipment is included in Note 3(j).

**(g) Right of use assets and lease obligations**

The right-of-use asset is a lessee's right to use a leased asset over the term of a lease. The asset is calculated as the initial amount of the lease obligation, along with any lease payments made to the lessor before the lease commencement date, in addition to any initial direct costs incurred, excluding any lease incentives received.

Lease obligations are calculated as present value of the lease payments at the lease commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee uses the lessee's incremental borrowing rate. Non-lease components such as insurance, maintenance costs, property tax, and other operating expenses are expensed as incurred within "cost of goods sold" or "general and administrative expenses", as applicable, in the consolidated statements of income (loss) and comprehensive income (loss). The lease term comprises the non-cancellable period of the lease together with periods covered by extension options where the Company is reasonably certain to exercise such options, and periods covered by termination options where the Company is reasonably certain not to exercise them.

After the commencement date, the Company recognizes depreciation and impairment of the right-of-use assets and the interest on the lease obligations in the consolidated statement of income (loss) and comprehensive income (loss). Depreciation on right-of-use assets is calculated based on the shorter of the lease term or the estimated useful life, which range from 5 to 12 years. Lease payments that are not fixed and vary based on a variable other than an index or rate are expensed as incurred.

The Company has elected to apply the recognition exemptions for short-term leases and leases of low-value assets. Payments for these leases are recognized as an expense on a straight-line basis over the lease term.

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Within the consolidated statements of cash flows, the principal portion of lease payments is presented within financing activities and the interest portion is presented within operating activities.

**(h) Intangible assets**

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Definite life intangible assets are amortized on a straight-line basis over their estimated useful lives, which do not exceed the contractual term, where applicable, as follows:

Trademarks and brands	5 Years
Renewable licenses	2 Years

Cannabis licenses rights and intellectual property acquired in a business combination are recognized initially at fair value at the acquisition date and have an indefinite useful life. The cannabis license in Florida and New York acquired through business combination have an indefinite useful life. Cannabis license renewal fees are capitalized and amortized on a straight-line basis over the term of the license.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the consolidated statements of income (loss) and comprehensive income (loss) as incurred.

The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization, but are tested for impairment annually.

**(i) Goodwill**

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses, if any. The Company monitors goodwill at the cash-generating unit ("CGU") level and accordingly for the purpose of impairment testing, goodwill has been allocated to a CGU or CGU group, as applicable. Goodwill is tested annually for impairment, or more frequently when there is an indication that goodwill may be impaired. If the recoverable amount, representing the higher of its fair value less costs of disposal and its value in use, of the group of CGUs is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets on a pro rata basis for each CGU. Assets within the CGU cannot be reduced below their recoverable amount which is the highest of their fair value less costs of disposal, value in use, and zero. Any goodwill impairment loss is recorded in the consolidated statements of income (loss) and comprehensive income (loss) in the period of impairment. Previously recognized impairment losses for goodwill are not reversed in subsequent periods.

**(j) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is any indication that non-financial assets may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually as of October 1, and when indicators of impairment exist. Where an impairment indicator exists, the Company estimates the recoverable amount of the asset or the CGU to which the asset belongs.

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The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset or CGU. Fair value less costs of disposal is determined using appropriate valuation techniques, including discounted cash flow models and market-based approaches.

An impairment loss is recognized when the carrying amount of an asset or CGU exceeds its recoverable amount.

The determination of recoverable amount requires significant judgment, including assumptions related to revenue growth, margins, discount rates, and market multiples, based on management's approved forecasts.

Impairment losses for non-financial assets other than goodwill are reviewed at each reporting date for any indications that the loss has decreased or no longer exists and may be reversed to the extent permitted under IAS 36, *Impairment of Assets*.

**(k) Provision liabilities**

Provisions are recognized on the consolidated statements of financial position when the Company has a present legal or constructive obligation based on past events, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reasonably estimated. Where material, provisions are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the liability.

**(l) Discontinued operations**

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resell.

Results from discontinued operations are excluded from the results of continuing operations and are presented within a single line in the consolidated statement of comprehensive income (loss) comprised of the post-tax profit or loss of discontinued operations plus the gain or loss recognized on disposition. The Company has restated the comparative figures in the consolidated statements of income (loss) and comprehensive income (loss) to conform to this presentation. Additional disclosures are provided in Note 6. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

**(m) Income taxes**

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in comprehensive loss or directly in shareholders' equity.

The IRS has taken the position that cannabis operators are subject to the limits of IRC Section 280E under which a tax filer is permitted only to deduct expenses directly related to costs of goods sold. The

## Fluent Corp.

### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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Company's position is that the limits of IRC Section 280E do not apply to its business, and consequently records an uncertain tax position related to its IRC Section 280E position.

#### Current tax

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax assets and liabilities are presented separately unless there is a legal right to offset.

#### Deferred tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets not recognized are disclosed in the notes where recoverability is uncertain due to lack of expected taxable income. Deferred tax assets may include carryforwards of unused tax losses and credits, subject to recoverability assessment.

Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. Changes in deferred tax assets or liabilities are recognized in profit or loss, except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

#### Uncertain tax position

In accordance with IAS 12, *Income taxes*, the Company recognizes current and deferred tax liabilities for uncertain tax positions ("UTP"s) based on the best estimate of the amount expected to be paid to the tax authorities. The Company assesses UTPs using the most likely amount method. The recognition and measurement of UTPs consider the following:

- The technical merits of the tax position, including relevant tax laws and legal precedents.
- The likelihood that the tax authorities will accept or challenge the position.
- Any additional information that becomes available up to the reporting date.

A liability is recorded when it is probable that the entity will be required to make a tax payment. Changes in estimates of UTPs are reflected in the consolidated financial statements in the period in which new information becomes available.

Where interest and penalties on uncertain tax positions are considered to be a component of income tax under local tax law, they are recognized and measured in accordance with IAS 12 and included within the income tax expense in the statement of income (loss) and comprehensive income (loss). The

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Company has determined that the interest and penalties are directly related to income taxes and therefore includes them as current income tax expense.

**(n) Revenue**

Revenue is recognized by the Company in accordance with IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company follows the following steps for accounting for revenue from contracts with customers:

1. Identify the contract with a customer
2. Identify the performance obligation(s)
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation(s)
5. Recognize revenue when/as performance obligation(s) are satisfied

Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers control of the goods to the customer at the point of sale and the customer has paid for the goods.

The Company has loyalty points programs (the "Loyalty Programs") for its medical cannabis retail sales that allow patients to earn loyalty points to be used on future purchases. Loyalty points represent a separate performance obligation under IFRS 15. The Company estimates the stand-alone selling price of the loyalty points awarded under the Loyalty Program. The stand-alone selling price is calculated by multiplying the estimated redemption rate and the monetary value assigned to the loyalty points. In estimating the redemption rate the Company considers breakage which represents the portion of the points issued that will never be redeemed. The redemption rate is updated on a quarterly basis and the liability for unredeemed loyalty points is adjusted accordingly, with the change in the liability recognized within net revenue. In estimating the value of the loyalty points issued the Company considers the products available to customers in exchange for loyalty points and customers' preferences. The Company ensures the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption.

The Company's loyalty points expire one year after the loyalty points are earned.

Local authorities will often impose special taxes on the sale or production of cannabis products. Excise taxes are effectively a production tax that is payable on the gross receipts from medical cannabis sold by an operator to a certified patient or designated caregiver.

The medical excise tax and adult-use distribution tax in New York (formerly, the adult-use potency tax) are borne by the Company and are not taxes on the patient or customer. As such, the Company acts as principal, and these amounts are included in gross revenue. Revenue, net presented in the consolidated statements of income (loss) and comprehensive income (loss) reflects revenue as computed under IFRS 15, *Revenue*, net of applicable medical excise taxes and New York adult-use distribution taxes.

**(o) Share-based compensation**

The Company recognizes compensation expense for stock options granted to its employees and directors at the fair value of the awards on the date of grant. The Company uses the Black-Scholes valuation model to determine the grant-date fair value of stock options. The Company measures

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restricted stock units (“RSUs”) using the share price on the date of grant. Share-based compensation expense is recognized over the vesting period. Forfeitures are recognized within share-based compensation expense as a recovery in the period they occur. The impact of the revision of the original estimate is recognized in the consolidated statements of income (loss) and comprehensive income (loss).

Where the terms and conditions of equity instruments are modified before they vest, the increase in the fair value of the equity instruments, measured immediately before and after the modification, is recognized within the consolidated statement of income (loss) and comprehensive income (loss).

**(p) Basic and diluted net loss per share**

Basic earnings (loss) per share (“EPS”) is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted EPS is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income (loss) earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Convertible debt, exchangeable shares, and other equity instruments are assessed for dilution on an “if-converted” basis.

When a loss is incurred during a period, basic and diluted loss per share is the same because the exercise of share equivalents is then considered to be “anti-dilutive”.

**(q) Borrowing costs**

A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets for periods preceding the dates the assets are available for their intended use. Capitalization of borrowing costs begins when expenditures and borrowing costs are incurred, and activities necessary to prepare the qualifying asset are in progress. Capitalization of borrowing costs is suspended during extended periods in which active development is interrupted and ceases when the asset is ready for its intended use or sale.

**(r) Financial instruments** *(See also Note 23)*

**Financial assets**

*Recognition and initial measurement*

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured FVTPL are expensed in the consolidated statements of income (loss) and comprehensive income (loss) when incurred.

*Classification and subsequent measurement*

On initial recognition, financial assets are classified as subsequently measured at amortized cost, FVTPL, or fair value through other comprehensive income (“FVTOCI”). The Company determines the

## Fluent Corp.

### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost – Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in the consolidated statements of income (loss) and comprehensive income (loss) when incurred.
- Fair value through other comprehensive income – Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of financial assets are recognized in comprehensive income.
- Mandatorily at fair value through profit or loss – Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

In certain cases, the Company may make the following irrevocable designation/election at initial recognition of a financial asset, on an asset-by-asset basis:

- The Company may designate an equity investment that would otherwise be classified as FVTPL and that is neither held for trading nor contingent consideration arising from a business combination to be classified as FVTOCI.

#### Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

#### Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest based on their contractual terms. For this purpose, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

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**Impairment**

The Company recognizes a loss allowance for the expected credit losses (“ECLs”) associated with its financial assets, other than financial assets measured at fair value through profit or loss.

ECLs represent a probability-weighted estimate of the present value of expected credit losses, discounted at the effective interest rate. The Company recognizes a loss allowance for ECLs on its financial assets that are not measured at FVTPL, comprised of its accounts receivable. No impairment loss is recognized for investments in equity instruments accounted for under IFRS 9.

The quantum of ECLs is updated at each reporting date to reflect changes in the credit risk associated with each respective financial instrument since initial recognition.

Where the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to the 12-month ECLs. The ECLs on these financial assets are measured as the probability-weighted present value of all expected cash shortfalls over the remaining expected life of the financial instrument, giving consideration to collateral and reasonable and supportable information about past events, current economic conditions, and forecasts of future events. The estimation and application of forward-looking information requires significant judgement. The Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition.

The gross balance of a financial asset is written-off, and its corresponding ECL provision is derecognized, when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off when due. Financial assets written off may still be subject to enforcement activities under the Company’s recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made would be recognized in profit or loss at the time of recovery.

Impairment losses are recognized in profit or loss with a corresponding adjustment to the loss allowance for expected credit losses for financial assets measured at amortized cost. The loss allowance is remeasured at each reporting date to reflect changes in credit risk and forward-looking information. Changes in the loss allowance, including reversals of previously recognized impairment losses, are recognized in profit or loss in the period of change.

**Derecognition of financial assets**

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expires, or when a transaction qualifies as a transfer.

**Financial liabilities****Recognition and initial measurement**

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities

**Fluent Corp.**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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

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subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Compound financial instruments are instruments that contain both a financial liability (such as an obligation to make payments of principal and interest) and an equity component (such as an equity conversion feature). Compound financial instruments are accounted for by the issuer separately by their components based on the substance of the instrument. If the equity conversion feature results in the issuance of a fixed number of an entity's own equity instruments (the "fixed-for-fixed" criteria), the equity conversion feature will be treated as equity. If the fixed-for-fixed criteria is not met, the equity conversion feature is an embedded derivative and is measured at FVTPL.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities other than those measured at FVTPL are measured at amortized cost using the effective interest method. Interest expense, gains, and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes financial liability only when its contractual obligations are discharged, cancelled, or expired.

Derivative liabilities

Derivative liabilities are initially recognized at fair value at the date on which the derivative contract was entered into. Any attributable transaction costs are recognized in the consolidated statements of income (loss) and comprehensive income (loss) as incurred.

Subsequent to initial recognition, derivative liabilities are measured at fair value at each reporting date until settlement, with the re-measurement gain or loss being recognized immediately in the consolidated statements of income (loss) and comprehensive income (loss).

Classification of financial assets and financial liabilities

The Company's financial assets and liabilities are classified as outlined below:

	<u>Classification</u>
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Accounts payable	Amortized cost
Accrued expenses	Amortized cost
Derivative liabilities	FVTPL
Notes payable	Amortized cost
Lease obligations	Amortized cost
Convertible notes	By component; amortized cost or FVTPL
Other long-term liabilities	Amortized cost

**Fluent Corp.**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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**(s) Segment reporting**

An operating segment is a component of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the entity's Chief Operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and that engaged in business activities from which it may earn revenue and incur expenses.

The Company's chief operating decision maker ("CODM") is represented by executive personnel. The Company cultivates, manufactures processes, distributes, and sells cannabis products across four states, in both medical and adult-use markets (where state regulations permit), and through retail and wholesale channels (where state regulations permit). The CODM reviews Company performance by geographic area. For management purposes, during the years ended December 31, 2025 and 2024, the Company was organized into the following operating segments:

- Florida cannabis operations
- New York cannabis operations
- Pennsylvania cannabis operations
- Texas cannabis operations

As permitted under IFRS 8, *Operating Segments*, the Company applies aggregation criteria across its identified operating segments based on similarity in economic characteristics, products sold, production processes, customer base, and delivery methods. As such, the Company has one reportable segment, being its U.S. cannabis platform.

**(t) 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.

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

## Fluent Corp.

### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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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 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 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.

#### **4. Critical accounting estimates and judgments**

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 in the consolidated financial statements are described below.

##### *(i) Business combinations*

In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities.

For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total future net cash flows expected to be derived from the asset. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

**Fluent Corp.**

**Notes to the Consolidated Financial Statements**

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Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period may last up to one year from the acquisition date. In estimating the fair value of a financial asset or a liability, the Company uses market-observable data to the extent it is available. Where such "Level 1" inputs are not available, the Company uses various valuation models to determine the fair value of its financial instruments that maximize the use of observable inputs and minimize the use of unobservable inputs.

*(ii) Biological assets and inventory*

In calculating the value of biological assets and inventory, management is required to make several estimates, including the stage of growth of the plant up to the point of harvest, harvesting and post-harvest costs, plant attrition, average or expected selling prices, and expected yields for the plants.

In calculating final inventory values, management compares the inventory cost to estimated net realizable value.

Changes in these assumptions could have a material impact on the fair value of biological assets and inventory. Further information on estimates used in determining the fair value of biological assets is included in Note 7.

*(iii) Estimated useful lives and depreciation of property and equipment, and impairment of intangible assets*

Depreciation and amortization of property and equipment and intangible assets are dependent upon estimates of useful lives based on management's judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts considering factors such as economic and market conditions and the useful lives of assets.

Goodwill and indefinite life intangible asset impairment testing require management to make estimates in the impairment testing model. Annually, the Company tests whether goodwill and indefinite life intangible assets are impaired.

Impairment of definite long-lived assets is influenced by judgment in defining a CGU and determining the indicators of impairment, and estimates used to measure impairment losses.

The recoverable value of goodwill, indefinite and definite long-lived assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates.

*(iv) Loyalty Program liability*

In calculating the Company's Loyalty Programs liability, the Company uses historical and industry forfeiture rates. The key assumptions used for the rate are based on the available lookback of the Company's customers historical forfeiture rates.

*(v) Derivative liabilities*

In calculating the fair value of its derivative liabilities, the Company uses either the Black-Scholes model or the Monte-Carlo simulation model, for Level 3 recurring fair value measurements to estimate fair value at each reporting date. The key assumptions used in the models are similar and include the expected

**Fluent Corp.**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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

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future volatility in the price of the Company's shares, the fair value of the price of the Company's shares and the expected life of the underlying instrument.

*(vi) Leases*

Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Leases requires lessees to estimate the lease term. In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

*(vii) Convertible debentures*

The identification of convertible note components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability component is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

*(viii) Going concern*

At each reporting period, management assesses the basis of preparation of the consolidated financial statements. These consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

*(ix) Income taxes and recoverability of potential deferred tax assets*

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability.

The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

## Fluent Corp.

### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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

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*(x) Determining the unit of account*

In circumstances where the Company enters into multiple transactions with the same party, and during the same time, the Company must determine whether these transactions should be accounted for by the substance of the rights and obligations, or from the legal form of the individual contracts. In determining the unit of account for the transactions, management uses judgment to consider the terms of the contracts, timing of when the contracts were entered into, who they were entered into with, the fair value of the contracts and whether the series of transactions were designed to achieve an overall commercial effect. All terms in a contract are considered unless they have no substance. Terms have no substance if there is no overall commercial effect. A group of contracts may achieve, or be designed to achieve, an overall commercial effect. In these cases, it may be necessary to treat the rights and obligations arising from that group of contracts as a single unit of account.

When determining fair value at initial recognition, management considers factors specific to the transaction and to the asset or liability. Fair value is considered the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Judgment is required by management to determine when the transaction price may not represent the fair value of an asset or a liability at initial recognition. This could be the case for transactions between related parties, transactions that take place under duress, or when the unit of account represented by the transaction price is different from the unit of account for the asset or liability measured at fair value.

Where management has determined that a transaction should be accounted for based on its substance, the transaction is measured according to the significant accounting policy for each financial statement element of the transaction, allocating fair value where applicable.

#### **5. 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 19b.

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

The Company incurred legal and advisory costs of \$4,089 in connection with the RIV Transaction. These costs are included within “general and administrative” expenses on the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2024.

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:

	<b>RIV Capital</b>
<b>IDENTIFIABLE ASSETS ACQUIRED</b>	
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
<b>Total assets acquired at fair value</b>	<b>93,243</b>
<b>LIABILITIES ASSUMED</b>	
Accounts payable and accrued liabilities	7,074
Lease liabilities	14,169
Provision liabilities	13,981
Loyalty program liabilities	69
<b>Total liabilities acquired at fair value</b>	<b>35,293</b>
Bargain purchase	(44,520)
<b>Total purchase price</b>	<b>13,430</b>

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.

## Fluent Corp.

### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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

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

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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 year ended December 31, 2025 include net revenue of \$15,117 and net loss of (\$45,953) from RIV Capital (year ended December 31, 2024 – net revenue of \$766 and net loss of (\$139)).

The purchase price allocation is final as of December 31, 2025.

## 6. Discontinued operations

On December 31, 2025, the Company completed the sale of its Pennsylvania operations for cash proceeds of \$12,500. The sale price may be adjusted pursuant to a customary working capital adjustment. As of the date of the consolidated financial statements the working capital adjustment did not result in a change to the purchase price.

The disposition included all of the assets and liabilities the held within its wholly owned subsidiary, Consortium Pennsylvania LLC, and comprises the entire Pennsylvania cannabis operating segment. The Company determined that the Pennsylvania operating segment constitutes a component of the Company as it represents a separate major geographical area of operation. Accordingly, the results of the Pennsylvania cannabis operating segment have been presented as results from discontinued operations for the years ended December 31, 2025 and 2024.

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

The Company recognized a gain on disposition of the Pennsylvania business as calculated below. The gain on disposition is presented within net income (loss) from discontinued operations.

Cash proceeds	\$ 12,500
Costs to sell	(900)
<b>Net proceeds</b>	<b>\$ 11,600</b>
Cash	674
Inventory	336
Prepaid expenses	54
Property and equipment, net	710
Right-of-use assets, net	2,022
Accounts payable and accrued expenses	(1,263)
Deferred revenue	(337)
Lease liabilities	(2,631)
<b>Carrying value of net assets disposed</b>	<b>\$ (435)</b>
<b>Gain on disposition</b>	<b>\$ 12,035</b>

Comparative figures for the year ended December 31, 2024 have been re-presented to reflect the classification of the Pennsylvania operations as discontinued operations. This re-presentation did not impact total net income (loss) or comprehensive income (loss), but resulted in a reclassification between continuing and discontinued operations. Net income (loss) from discontinued operations for the years ended December 31, 2025 and 2024 is as follows:

	<b>Years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Revenue, net	\$ 14,702	\$ 16,170
Cost of goods sold	9,096	10,154
<b>Gross profit</b>	<b>\$ 5,606</b>	<b>\$ 6,016</b>
Operating expenses		
General and administrative	7	26
Sales and marketing	2,276	2,584
Depreciation and amortization	685	682
<b>Total operating expenses</b>	<b>2,968</b>	<b>3,292</b>
<b>Income from operations</b>	<b>2,638</b>	<b>2,724</b>
Other expense (income)		
Finance costs, net	322	344
Other expense (income)	-	194
<b>Total other expense (income)</b>	<b>322</b>	<b>538</b>

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

Net income (loss) from discontinued operations before gain on disposal and income taxes	2,196	2,186
Gain on disposition of Pennsylvania cannabis operation	12,035	-
Current income tax expense	1,156	1,263
<b>Net income (loss) from discontinued operations</b>	<b>\$ 13,195</b>	<b>\$923</b>

Cash flows from (used in) discontinued operations reported in the consolidated statements of cash flows for the years ended December 31, 2025 and 2024 are as follows:

	Years ended December 31,	
	2025	2024
Cash flows provided by operating activities	\$ 1,902	\$ 3,076
Cash flows used in investing activities	(3,182)	(2,786)
Cash flows used in financing activities	(210)	(187)
<b>Cash flows provided by (used in) discontinued operations</b>	<b>\$ (1,490)</b>	<b>\$103</b>

**7. Biological assets**

Biological assets are measured at fair value less costs to sell in accordance with IFRS 41, *Agriculture*.

Fair value is determined using an income approach based on internally developed valuation models. The valuation incorporates significant unobservable inputs, including expected yield per plant, stage of completion of the cultivation cycle, expected selling price per gram, expected costs to sell, and expected plant attrition prior to harvest.

The stage of completion is determined based on the proportion of the average cultivation cycle completed as at the reporting date. The Company's average cultivation cycle is approximately 13 weeks.

Movement in the Company's biological assets for the years ended December 31, 2025 and 2024 is outlined below:

	December 31, 2025	December 31, 2024
Balance at beginning of period	\$ 3,162	\$ 331
Acquired through business combination	-	350
Cost incurred until harvest	20,918	17,552
Effect of unrealized change in fair value of biological assets	(733)	7,872
Transferred to inventory upon harvest	(20,677)	(22,943)
<b>Balance at end of period</b>	<b>\$ 2,670</b>	<b>\$ 3,162</b>

The net change in fair value less costs to sell is recognized in the statement of income (loss) and comprehensive income (loss) in the period in which it arises.

The fair value of biological assets is classified as Level 3 within the fair value hierarchy under IFRS 13, *Fair Value Measurement*, as the valuation is based on significant unobservable inputs. There is no active market for

## Fluent Corp.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024

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

cannabis plants in their current condition. The key assumptions used in determining the fair value of biological assets include:

- Expected plant attrition prior to harvest
- Expected yield per plant (grams per plant)
- Stage of completion of the cultivation cycle
- Expected selling price per gram
- Expected costs to sell per gram

Due to differences in market conditions, pricing, and cultivation practices, unique assumptions are applied for Florida and Texas operations compared to New York operations.

A 10% increase or decrease in these significant unobservable inputs would result in a corresponding increase or decrease in the fair value of biological assets. The sensitivity to each assumption is presented in the tables below.

#### Florida and Texas

Assumptions	As at December 31, 2025		As at December 31, 2024	
	Input	10% Change	Input	10% Change
i. Weighted average of expected loss of plants until harvest	6%	\$ 12	5%	\$15
ii. Expected yields for cannabis plants (average grams per plant)	79	\$ 180	85	\$279
iii. percentage of total growing weeks as at period end	55%	\$ 180	51%	\$279
iv. Estimated selling price per gram	\$6.13 per gram	\$ 873	\$7.87 per gram	\$1,240
v. Cost to sell per gram per flower and trim, respectively	\$2.04 per gram	\$ 692	\$3.34 per gram	\$961

#### New York

Assumptions	As at December 31, 2025		As at December 31, 2024	
	Input	10% Change	Input	10% Change
i. Weighted average of expected loss of plants until harvest	5%	\$5	1%	\$3
ii. Expected yields for cannabis plants (average grams per plant)	127	\$98	155	\$2
iii. percentage of total growing weeks as at period end	64%	\$98	49%	\$3
iv. Estimated selling price per gram	\$1.75 per gram	\$120	\$1.90 per gram	\$40
v. Cost to sell per gram per flower and trim, respectively	\$1.42 per gram	\$23	\$0.35 per gram	\$9

As at December 31, 2025, the Company's biological assets were expected to yield approximately:

- 3,844,369 grams of dry cannabis for Florida and Texas (December 31, 2024 – 5,005,531 grams)
- 1,827,892 grams of dry cannabis for New York (December 31, 2024 – 467,372 grams)

As at December 31, 2025, the Company had:

- 51,997 plants in Florida and Texas (December 31, 2024 – 63,168 plants)
- 13,392 plants in New York (December 31, 2024 – 6,533 plants)

#### 8. Inventory

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

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	December 31, 2025	December 31, 2024
Supplies, packaging and materials	\$ 2,402	\$ 2,500
Work in progress	7,480	7,608
Finished goods	4,868	5,047
Inventory reserve	(1,935)	-
<b>Balance at end of period</b>	<b>\$ 12,815</b>	<b>\$ 15,155</b>

Inventory material costs expensed to cost of goods sold during the years ended December 31, 2025 and 2024 were \$22,374 and \$17,256, respectively. Salaries and benefits expensed to cost of goods sold during the years ended December 31, 2025 and 2024 were \$13,818 and \$11,093, respectively. Depreciation and amortization expensed to costs of goods sold for the years ended December 31, 2025 and 2024 were \$11,217 and \$7,774, respectively.

The Company's inventory reserve reflects the value of slow-moving products and packaging not expected to be repurposed.

**9. Prepaid expenses and other current assets**

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

	December 31, 2025	December 31, 2024
Prepaid insurance	\$ 337	\$ 344
Other prepaid expenses	435	265
Tenant improvement allowance	650	490
Prepaid inventory	110	524
Insurance financing	853	786
Other current assets	1,097	178
<b>Balance at end of period</b>	<b>\$ 3,482</b>	<b>\$ 2,587</b>

**10. Property and equipment**

A reconciliation of the beginning and ending balances of property and equipment for the years ended December 31, 2025 and 2024 is as follows:

## Fluent Corp.

### Notes to the Consolidated Financial Statements For the years ended December 31, 2025 and 2024

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

	Land	Furniture and Fixtures	Computer Equipment	Manufacturing Equipment	Leasehold Improvements	Construction in Progress	Vehicles	Total
<b>Cost</b>								
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
<b>Accumulated depreciation</b>								
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
<b>Property and equipment, net</b>	<b>\$ -</b>	<b>\$ 909</b>	<b>\$ 309</b>	<b>\$ 8,259</b>	<b>\$ 21,180</b>	<b>\$ 21,167</b>	<b>\$ 376</b>	<b>\$ 52,200</b>
<b>Cost</b>								
Balance as of January 1, 2025	-	1,719	2,183	15,368	51,597	21,167	588	92,622
Additions	-	434	15	2,071	30,690	(19,171)	-	14,039
Disposals	-	(235)	(3)	(778)	(563)	(58)	-	(1,637)
Disposal through sale of business component	-	(53)	(131)	-	(2,303)	-	-	(2,487)
Impairment	-	(99)	-	(1,696)	(10,773)	-	(33)	(12,601)
Balance as of December 31, 2025	-	1,766	2,064	14,965	68,648	1,938	555	89,936
<b>Accumulated depreciation</b>								
Balance as of January 1, 2025	-	810	1,874	7,109	30,417	-	212	40,422
Additions	-	287	192	2,138	9,993	-	76	12,686
Disposals	-	(135)	(1)	(632)	(383)	-	-	(1,151)
Disposal through sale of business component	-	(30)	(122)	-	(1,624)	-	-	(1,776)
Balance as of December 31, 2025	-	932	1,943	8,615	38,403	-	288	50,181
<b>Property and equipment, net</b>	<b>\$ -</b>	<b>\$ 834</b>	<b>\$ 121</b>	<b>\$ 6,350</b>	<b>\$ 30,245</b>	<b>\$ 1,938</b>	<b>\$ 267</b>	<b>\$ 39,755</b>

During the years ended December 31, 2025 and 2024, the Company capitalized \$10,211 and \$7,233 of depreciation to biological assets and inventory, respectively.

During the year ended December 31, 2025, the Company commenced operations at two cultivation sites located in Tampa, Florida, and Buffalo, New York. Accordingly, \$22,803 of fixed assets previously classified as construction-in-progress were reclassified to leasehold improvements. Transfers from construction-in-progress to leasehold improvements are included within net additions in the table above.

In connection with the Company's annual impairment testing of its indefinite life intangible assets on October 1, 2025, it was determined that the recoverable amount of the New York CGU was below its carrying amount. Accordingly, the Company recognized an impairment expense of \$36,910. As there is no goodwill attributable to the Company's New York CGU, the Company allocated the impairment expense pro rata among the applicable assets within the New York CGU, which included property and equipment, net, intangible assets, net, and right-of-use assets, net. This resulted in an impairment charge of \$12,601 recorded to the Company's New York property and equipment, net. See Note 11 and Note 18 for further details. No impairment was recognized on the Company's remaining fixed assets for the year ended December 31, 2025.

No impairment was recognized on the Company's fixed assets during the year ended December 31, 2024.

#### 11. Intangible assets

Intangible assets consist of cannabis licenses, trademarks and brands, and computer software. A reconciliation of the beginning and ending balances of intangible assets for years ended December 31, 2025 and 2024, is as follows:

**Fluent Corp.**

**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2025 and 2024**

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

	Licenses		Trademarks and Brands	Computer Software	Total
	Amortized Cost	Indefinite Lived			
<b>Cost</b>					
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
<b>Accumulated amortization</b>					
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
<b>Intangible assets, net</b>	<b>\$ 1,244</b>	<b>\$ 36,051</b>	<b>\$ 263</b>	<b>\$ 32</b>	<b>\$ 37,590</b>
<b>2025</b>					
Balance as of January 1, 2025	2,041	36,051	9,113	32	47,237
Additions	318	-	-	40	358
Disposals	-	-	-	-	-
Impairment	-	(3,525)	(263)	-	(3,788)
Balance as of December 31, 2025	2,359	32,526	8,850	72	43,807
<b>Accumulated amortization</b>					
Balance as of January 1, 2025	797	-	8,850	-	9,647
Additions	1,034	-	-	12	1,046
Disposals	-	-	-	-	-
Balance as of December 31, 2025	1,831	-	8,850	12	10,693
<b>Intangible assets, net</b>	<b>\$ 528</b>	<b>\$ 32,526</b>	<b>\$ -</b>	<b>\$ 60</b>	<b>\$ 33,114</b>

As at December 31, 2025, the Company's licenses include various cannabis licenses in Florida, New York, and Texas. As discussed in Note 3h, the Company amortizes its renewable cannabis licenses on a straight-line basis over each applicable 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 respective 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, 2025 and 2024.

Florida CGU

As at October 1, 2025, the carrying value of the definite and indefinite life intangible assets related to the Florida CGU, prior to any impairment charge, was \$29,783. The Company estimated the recoverable amount of the CGU by applying the value in use method. The value in use of the Florida CGU was calculated using a discounted cash flow model and level 3 inputs. The value in use was determined to be greater than the CGU's carrying value, therefore the Company determined there was no impairment of the Florida CGU.

## Fluent Corp.

### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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

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As at October 1, 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 Company estimated the recoverable amount of the CGU by applying the fair value less costs of disposal method. 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 charge of \$64,285. The key assumptions used in the estimates of the recoverable amounts are described below:

- Cash flows were projected based on the Company's long-term business plan. The business plan contains forecasts based on actual operating results in conjunction with anticipated future growth opportunities, as well as industry and market trends. The forecasts were extended to a total of five years (with a terminal year thereafter). Revenue annual growth rates of 23.3% and 10% were applied to years ended December 31, 2025 and 2026, respectively. Annualized growth was estimated based on anticipated dates of new dispensaries and the applicable ramp up time. The remaining years utilized a conservative 10% per year for revenue growth.
- The terminal growth rate of 3% was based on U.S. real GDP growth & inflation estimates, industry growth rates, and the Company's historical and projected industry data.
- The pre-tax discount rate applied in determining the recoverable amount of the CGU was 22.5%. The discount rates were estimated based on past experience and the weighted average cost of capital of each CGU, other competitors in the industry and adjusted for risks in the cash flow.

#### New York CGU

As at October 1, 2025, the carrying value of the definite and indefinite life intangible assets related to the New York CGU, prior to any impairment charge, was \$7,170. The Company estimated the recoverable amount of the CGU by applying the value in use method. The value in use of the CGU was calculated using a discounted cash flow model and level 3 inputs. The value in use was determined to be less than the CGU's carrying value, therefore the Company recorded an impairment of \$36,910. The quantum of the impairment charge exceeded the carrying value of the indefinite life intangible assets. Therefore, the Company applied the allocation principles under IAS 36, *Impairment of Assets* to the respective assets within the New York CGU. As there is no goodwill allocated to the New York CGU, the Company allocated the impairment charge pro rata to the other assets of the CGU based on their pro rata carrying amounts, with the caveat that the carrying amount of an individual asset could not be reduced below the highest of its fair value less costs of disposal, its value in use, and zero.

The key assumptions used in the estimates of the recoverable amounts are described below:

- Cash flows were projected based on the Company's long-term business plan. The business plan contains forecasts based on actual operating results in conjunction with anticipated future growth opportunities, as well as industry and market trends. The forecasts were extended to a total of five years (with a terminal year thereafter). Revenue annual growth rates of 53.2% and 45.8% for applied to the years ended December 31, 2026 and 2027, respectively. Annualized growth was estimated based on anticipated production out of the Company's Buffalo facility. The remaining years utilized a conservative 6.1% for the year ended December 31, 2028 and 3% per year in each of the years ended December 31, 2029 and 2030 for revenue growth.
- The terminal growth rate of 3% was based on U.S. real GDP growth & inflation estimates, industry growth rates, and the Company's historical and projected industry data.
- The pre-tax discount rate applied in determining the recoverable amount of the CGU was 27.2%. The discount rate was estimated based on past experience and the weighted average cost of capital of each CGU, other competitors in the industry and adjusted for risks in the cash flow forecast.

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

Amortization expense for the years ended December 31, 2025 and 2024, were \$1,047 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 renewable cultivation and dispensing license as of December 31, 2025 is 0.6 years (December 31, 2024 – 1.6 years). The remaining amortization period for the Texas renewable cultivation license as of December 31, 2025 is 1.75 years (December 31, 2024 – 0.75 years).

**12. Goodwill**

The carrying value of goodwill as of December 31, 2025 and December 31, 2024 was \$1,525. At both periods, the carrying value of goodwill was wholly attributed to the Florida CGU.

During the years ended December 31, 2025 and December 31, 2024, the Company did not recognize an impairment loss on the carrying value of goodwill.

**13. Other assets**

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

	December 31, 2025	December 31, 2024
Other assets		
Prepaid rent	\$ 22	\$ 4,509
Security deposits	1,479	1,322
Deferred lease acquisition costs	-	213
Tax payments	224	190
Impact fee, net	-	159
Deposits on fixed assets	-	83
<b>Total other assets</b>	<b>\$ 1,725</b>	<b>\$ 6,476</b>

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***14. Income taxes**

Income tax for the years ended December 31, 2025 and 2024 consisted of the following:

	<b>For the year ended</b>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current income tax expense	\$ 17,443	\$ 18,167
Deferred income tax expense (recovery)	275	(12,740)
<b>Total income taxes</b>	<b>\$ 17,718</b>	<b>\$ 5,427</b>

The U.S statutory tax rate in effect for the years ended December 31, 2025 and 2024 was 21%. The Canadian statutory tax rate in effect for certain of the Company's Canadian subsidiaries was 26.5%. The income tax expense for the years can be reconciled to the accounting loss as follows:

	<b>2025</b>	<b>2024</b>
Tax at U.S. statutory rate of 21%	\$ (11,088)	\$ (7,077)
State taxes	2,229	(4,772)
Non-deductible items	16,611	(8,864)
Uncertain tax positions, penalties and interest	8,112	19,821
Return-to-provision true-ups	(167)	2,331
Change in statutory rates	(247)	(554)
Change in tax benefits not recognized	3,136	5,622
Other, net	288	183
<b>Total income tax expense</b>	<b>\$ 18,874</b>	<b>\$ 6,690</b>
Income tax expense - continuing operations	\$ 17,718	\$ 5,427
Income tax expense - discontinued operations	\$ 1,156	\$ 1,263

The tax effects of the temporary differences giving rise to the deferred tax liability are as follows:

	<b>2025</b>	<b>2024</b>
<b>Deferred income tax assets:</b>		
Fixed assets	-	-
Accruals and other	-	132
Reserves	-	1,639
Licenses	-	735
Biological assets	100	237
Lease liabilities	2,206	4,691
<b>Total deferred income tax assets</b>	<b>\$ 2,306</b>	<b>\$ 7,434</b>
<b>Deferred income tax liabilities:</b>		
Property and equipment	\$ 336	\$ 918
Intangible assets	4,268	6,005
Right of use assets	1,755	4,289
<b>Total deferred income tax liabilities</b>	<b>\$ 6,359</b>	<b>\$ 11,212</b>
<b>Deferred Income tax liabilities, net</b>	<b>\$ 4,053</b>	<b>\$ 3,778</b>

The movement in net deferred tax liabilities for the years ended December 31, 2025 and 2024 is as follows:

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

	2025	2024
Beginning DTL balance, net	\$ 3,778	\$ 17,398
Acquired through business combination	-	(1,021)
Recognized in net loss	275	(12,740)
Other, net	-	141
<b>Ending DTL balance, net</b>	<b>\$ 4,053</b>	<b>\$ 3,778</b>

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 December 31, 2025 and 2024 of \$60,146 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 years ended December 31, 2025 and 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 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.

**15. Derivative liabilities**

During the year ended December 31, 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 years ended December 31, 2025 and 2024, is as follows:

	Equity Price Guarantee	Smith Convertible Note	Total
<b>Balance as of December 31, 2023</b>	<b>\$ 9,109</b>	<b>\$ -</b>	<b>\$ 9,109</b>
Addition	-	2,723	2,723
Fair value change	(9,109)	(575)	(9,684)
<b>Balance as of December 31, 2024</b>	<b>\$ -</b>	<b>\$ 2,148</b>	<b>\$ 2,148</b>
Fair value change	-	(516)	(516)
<b>Balance as of December 31, 2025</b>	<b>\$ -</b>	<b>\$ 1,632</b>	<b>\$ 1,632</b>

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 income (loss) and comprehensive income (loss).

**Fluent Corp.**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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

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*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 year ended December 31, 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 (year December 31, 2024 – gain of \$9,109). The revaluation is recorded within “net change in fair value of derivative liability” on the consolidated statements of income (loss) and comprehensive income (loss).

## Fluent Corp.

### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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

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##### *Smith Convertible Note (see Note 17)*

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 \$516 for the year ended December 31, 2025 on remeasurement of the embedded derivative (year ended December 31, 2024 – fair value gain of \$575), which is recorded within "net change in fair value of derivative" on the consolidated statements of income (loss) and comprehensive income (loss).

#### **16. 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 Consolidated Financial Statements****For the years ended December 31, 2025 and 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 December 31, 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 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 a result of the gross revenue threshold targets. 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 consolidated statement of income (loss) and comprehensive income (loss). Tranche 3 and Tranche 4 projected cash flows were discounted using rates of 3.47% and 3.73%, respectively. 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 December 31, 2025.

The following table presents a summary continuity schedule of the carrying value of the provision liability for the year ended December 31, 2025. As the provision liability was recognized in connection with the RIV Transaction on December 19, 2024, the comparative period continuity for the year ended December 31, 2024 is not applicable. See Note 5 for further details.

	<b>Year ended</b>	
	<b>December 31, 2025</b>	
<b>Provision liability - opening balance</b>	<b>\$</b>	<b>14,001</b>
Accretion expense		206
Remeasurement		(5,203)
Reclass to accounts payable		(2,000)
<b>Provision liability - ending balance</b>	<b>\$</b>	<b>7,004</b>

**17. Notes payable and convertible notes**

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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

	December 31, 2025	December 31, 2024
Automobile loan (b)	\$ -	\$ 10
Credit Agreement (d)	56,043	64,820
Equipment loan (e)	42	64
Convertible debenture (f)	2,553	2,721
Insurance financing (g)	524	450
Cultivation facility loan (i)	1,312	1,465
Smith Convertible Note (j)	7,540	6,482
Parks & Long loan (k)	392	-
Total notes payable (a)	\$ 68,406	\$ 76,012
Less current portion of notes payable	(1,253)	(755)
Less convertible note	(7,540)	(6,482)
<b>Notes payable, net of current portion</b>	<b>\$ 59,613</b>	<b>\$ 68,775</b>

**(a) Notes payable**

A reconciliation of the beginning and ending balances of the notes payable for the years ended December 31, 2025 and 2024 is as follows:

	December 31, 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	2,028	1,954
Purchase of auto and equipment	-	48
Cultivation facility loan	-	1,360
Parks & Long loan	784	-
Interest and accretion	12,227	15,244
Net proceeds of new Credit Agreement	-	64,615
Repayments of principal and interest	(22,645)	(3,174)
Repayment and derecognition of Senior Secured Term loan (h)	-	(71,228)
<b>Balance at the end of the period</b>	<b>\$ 68,406</b>	<b>\$ 76,012</b>

Refer to Note 25 for a reconciliation of finance costs for the years ended December 31, 2025 and 2024.

**(b) Automobile loan**

Notes payable collateralized by vehicles purchased, bearing interest ranging from 4.59% to 5.44% per annum, have matured as at December 2025.

**(c) Senior secured term loan**

## Fluent Corp.

### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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

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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 carried an interest rate 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. Pursuant to the extinguishment of the Term Loan debt obligation, the Company recognized a gain on settlement of debt of \$1,179 within "loss on issuance and settlement of debt, net" on the statement of income (loss) and comprehensive income (loss) for the year ended December 31, 2024.

#### **(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 would be due.

The Credit Agreement refinances the existing senior secured term loan (Note 17(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 December 31, 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. See Note 28 for amendments made to this liquidity covenant subsequent to December 31, 2025.

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.

On December 31, 2025, in connection with the disposition of the Pennsylvania business (see Note 6), the Company made a mandatory prepayment of \$11,600 toward the principal of the Credit Agreement. Accordingly, on December 31, 2025, the Company remeasured the Credit Agreement using the revised contractual cashflows at the original effective rate of interest of 17.9%. This resulted in a loss on

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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remeasurement of \$443 recorded within the Company's consolidated statement of income (loss) and comprehensive income (loss).

**(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 December 31, 2025, the principal amount outstanding under the Debenture was \$2,601 and unamortized debt issuance costs was \$48.

**(g) Insurance financing**

In April 2025, the Company financed insurance in the amount of \$1,603, payable monthly with a nine-month term and a 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 December 31, 2025, the principal amount outstanding for financed insurance is \$267.

In April 2024, the Company financed insurance in the amount of \$1,366, payable monthly with a nine-month term and an 11.35% interest rate. In September 2024, the Company financed workers compensation insurance in the amount of \$362, payable monthly with a ten-month term. As of December 31, 2024, the total amount outstanding for financed insurance was \$450.

**(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 5). 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

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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consolidated statements of income (loss) and comprehensive income (loss) during the year ended December 31, 2025.

**(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 22), 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 principal. Therefore, accumulated interest is deemed to be the current portion of notes payable, with principal 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 15, 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 year ended December 31, 2025, the Company recognized \$1,058 of accretion expense within “finance costs, net” on the consolidated statement of income (loss) and comprehensive income (loss) (year ended December 31, 2024 – \$93).

**(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 Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***18. Leases**

As of December 31, 2025, 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. As of December 31, 2024, the Company's right-of-use assets and lease liabilities also related to leased retail dispensaries in Pennsylvania.

**(a) Right-of-use assets**

	December 31, 2025	December 31, 2024
<b>Cost</b>		
Balance at beginning of period	\$ 68,156	\$ 48,990
Acquired through business combination	-	14,169
Additions	27,702	5,297
Modifications	(41)	309
Terminations	(676)	(609)
Impairment	(20,521)	-
Disposal through sale of business component	(2,023)	-
<b>Balance at end of period</b>	<b>\$ 72,597</b>	<b>\$ 68,156</b>
<b>Accumulated depreciation</b>		
Balance at beginning of period	\$ 21,425	\$ 17,047
Additions	7,514	4,533
Terminations	(89)	(155)
<b>Balance at end of period</b>	<b>\$ 28,850</b>	<b>\$ 21,425</b>
<b>Right-of-use-assets, net</b>	<b>\$ 43,747</b>	<b>\$ 46,731</b>

**(b) Lease liabilities**

	December 31, 2025	December 31, 2024
Balance at beginning of period	\$ 56,478	\$ 40,114
Acquired through business combination	-	14,169
Additions	23,204	4,996
Modifications	5	716
Terminations	(836)	(747)
Interest on lease liabilities	7,622	4,749
Interest payments on lease liabilities	(7,622)	(4,705)
Principal payments on lease liabilities	(4,764)	(2,814)
Disposal through sale of business component	(2,631)	-
<b>Balance at end of period</b>	<b>\$ 71,456</b>	<b>\$ 56,478</b>
Less current portion of lease liabilities	(5,474)	(4,751)
<b>Lease liabilities, net of current portion</b>	<b>\$ 65,982</b>	<b>\$ 51,727</b>

The Company's lease obligation maturity has been disclosed within Note 21.

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 Company applied an incremental borrowing rate of 9.62% at the lease commencement date to measure the

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

lease liability. 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. On October 5, 2025, the lease term was modified to reduce the term by six months, which resulted in a remeasurement of the lease liability and corresponding adjustment to the right-of-use asset of \$145.

On October 1, 2025 in connection with the Company's annual testing of the New York CGU (see Note 11), an impairment charge of \$20,521 was allocated on a pro rata basis to the Company's right-of-use assets in New York. Accordingly, the right-of-use assets were written down to their recoverable values as of October 1, 2025.

**19. Shareholders' deficit**

	Share capital		
	Number of unrestricted common shares	Number of exchangable shares	Amount
<b>Balance, December 31, 2023</b>	<b>299,529,367</b>	-	<b>\$ 183,690</b>
Common shares issued in business combination (Note 19 c.)	171,547,344	-	12,014
Exchangable shares issued in business combination (Note 19 b.)	-	153,069,395	10,715
Restricted stock units and options (Note 19)	364,845	-	-
Shares issued for board fees (Note 19 a.)	865,382	-	-
<b>Balance, December 31, 2024</b>	<b>472,306,938</b>	<b>153,069,395</b>	<b>\$ 206,419</b>
Shares issued for board fees (Note 19 d.)	4,407,063	-	-
Restricted stock units and options (Note 19)	4,479,623	-	-
Conversion of Exchangeable Shares (Note 19 b.)	153,069,395	(153,069,395)	-
Private placement issuance of shares (Note 19 g.)	3,500,000	-	210
Net loss	-	-	-
<b>Balance, December 31, 2025</b>	<b>637,763,019</b>	-	<b>\$ 206,629</b>

**Equity transactions**

During the years ended December 31, 2025 and 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 19d 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.

## Fluent Corp.

### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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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.

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 5.
- 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.

On July 16, 2025, 3,958,976 employee restricted stock units were redeemed for common shares of the Company. No consideration was received, and no impact was reported within the Company's share capital reserve.

On September 17, 2025, 80,000 employee restricted stock units were redeemed for common shares of the Company. No consideration was received, and no impact was reported within the Company's share capital reserve.

On December 31, 2025, 421,147 employee restricted stock units were redeemed for 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.

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***Share capital**

The Company is authorized to issue an unlimited number of common shares, each with no par value. As of December 31, 2025, the share capital of the Company is comprised of 613,261,139 common shares, 2,450,188 proportionate voting shares (each proportionate voting share is convertible into ten common shares), 15,000,000 warrants, 21,874,875 stock options, 210,000 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. Out-of-the money options and warrants are excluded as dilutive instruments. As the Company was in a loss position from continuing operations for the years ended December 31, 2025 and 2024, respectively, earnings per share from continuing operations for those periods was calculated using the basic number of outstanding shares.

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Weighted average number of shares - basic	547,787,979	305,528,621
Weighted average warrants	-	-
Weighted average convertible debt	33,211,903	3,010,611
Weighted average options	-	-
Weighted average restricted stock units	3,126,072	5,372,952
Weighted average Exchangeable Shares	83,263,023	5,451,787
<b>Weighted Average Number of Shares - Diluted</b>	<b>667,388,977</b>	<b>319,363,971</b>

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

Restricted stock unit activity for years ended December 31, 2025 and 2024 is as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
Outstanding at beginning of period	5,220,770	5,861,320
Granted during the period	-	460,000
Forfeited during the period	(500,647)	(650,354)
Redeemed during the period <sup>(1)</sup>	(4,510,123)	(450,196)
<b>Outstanding at end of period</b>	<b>210,000</b>	<b>5,220,770</b>
<b>Outstanding RSUs vested at end of period</b>	<b>-</b>	<b>3,240,511</b>

<sup>(1)</sup> RSUs redeemed for common shares during the year ended December 31, 2025 were net of 5,500 shares withheld to cover employee taxes (year-ended December 31, 2024 – net of 85,351 shares withheld)

Stock option activity for the years ended December 31, 2025 and 2024 is summarized below:

**Fluent Corp.**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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

		W.A. Exercise Price
<b>Outstanding as of December 31, 2023</b>	<b>10,061,725</b>	<b>\$ 0.31</b>
Granted	1,020,900	0.07
Forfeited	(1,493,300)	0.46
Expired	(35,000)	0.44
<b>Outstanding as of December 31, 2024</b>	<b>9,554,325</b>	<b>\$ 0.26</b>
Granted	23,349,500	0.05
Forfeited	(6,941,500)	0.05
Expired	(4,087,450)	0.19
<b>Outstanding as of December 31, 2025</b>	<b>21,874,875</b>	<b>\$ 0.12</b>
<b>Options exercisable as of December 31, 2025</b>	<b>5,354,825</b>	<b>\$ 0.33</b>

**20. Expense by nature**

General and administrative expenses from continuing operations for the years ended December 31, 2025, and 2024, are as follows:

	For the year ended December 31,	
	2025	2024
<b>General and administrative</b>		
Legal and professional fees	\$ 4,847	\$ 8,122
Salaries and benefits	7,147	6,032
Insurance	2,642	1,418
Facility expense	388	45
Travel and entertainment	425	325
IT and cellular services	544	397
Payroll processing fees	382	226
Other	508	1,011
<b>Total general and administrative</b>	<b>\$ 16,883</b>	<b>\$ 17,576</b>

Sales and marketing expenses from continuing operations for the years ended December 31, 2025 and 2024, are as follows:

	For the year ended December 31,	
	2025	2024
<b>Sales and marketing</b>		
Salaries and benefits	\$ 16,423	\$ 16,020
Advertising expenses	718	673
Legal and professional fees	3	379
Facility expense	4,299	773
IT and cellular services	817	555
Travel and entertainment	143	38
Other	(218)	1,783
<b>Total sales and marketing</b>	<b>\$ 22,185</b>	<b>\$ 20,221</b>

**21. Commitments and contingencies**

**(a) Commitments**

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

As at December 31, 2025, the Company had the following obligations on an undiscounted basis:

	<u>&lt; 1 year</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
Accounts payable	\$ 6,942	\$ -	\$ -	\$ -	\$ 6,942
Accrued expenses	9,903	-	-	-	9,903
Insurance financing	514	-	-	-	514
Notes payable	8,793	81,314	14,275	185	104,567
Lease obligations	12,652	24,100	33,113	46,885	116,750
Uncertain tax position	-	60,146	-	-	60,146
<b>Total</b>	<b>\$ 38,804</b>	<b>\$ 165,560</b>	<b>\$ 47,388</b>	<b>\$ 47,070</b>	<b>\$ 298,821</b>

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 16 as the timing of these payments is uncertain as at December 31, 2025.

*Special License Fee*

As discussed in Note 16, 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.

**(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 December 31, 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.

**(c) 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 December 31, 2025, other than the lawsuit disclosed below, 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. 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.

The Company is a defendant in a lawsuit relating to the termination of certain lease, service, and related agreements at a former prospective production facility. The plaintiffs have asserted multiple breach of contract claims through which they seek damages of approximately \$16,500. The Company has filed counterclaims in connection with this matter. The trial is currently scheduled for September 2026.

Based on information available at the reporting date, the Company believes the claims are without merit and intends to vigorously defend the action. The Company has estimated a possible range of loss, if any, to be between \$0 and \$2,000; however, the ultimate outcome of this matter is uncertain and an unfavorable outcome is possible. No provision has been recognized in the consolidated financial statements

## Fluent Corp.

### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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

The Company is a defendant in a lawsuit relating to the termination of certain lease, service, and related agreements at one of its historical production facilities. The plaintiff has asserted multiple breach of contract claims and is seeking damages of approximately \$16,500. The Company has filed counterclaims in connection with this matter. The trial is currently scheduled for September 2026.

Based on information available at the reporting date, the Company believes the claims are without merit and intends to vigorously defend the action. The Company has estimated a possible range of loss, if any, to be between \$0 and \$1,000; however, the ultimate outcome of this matter is uncertain. No provision has been recognized in the consolidated financial statements.

## 22. 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 years ended December 31, 2025 and 2024, key management personnel compensation consisted of the following:

	For the year ended December 31	
	2025	2024
Salary	\$ 2,687	\$ 3,402
Option-based compensation	92	7
Share-based compensation (including RSUs)	147	24
All other compensation (including cash-settled Board fees)	498	372
Total	\$ 3,424	\$ 3,805

### 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.

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 the Company, 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 15) 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.

## Fluent Corp.

### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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

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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 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 years ended December 31, 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 years ended December 31, 2025 and 2024, the Company recognized legal expenses of \$307 and \$479, respectively, to Robert O. Beasley, P.A. At December 31, 2025, the Company had a balance outstanding of \$16 due to Robert O. Beasley, P.A. (December 31, 2024 - \$nil).

## 23. 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

### 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 at 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 liabilities.

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### Notes to the Consolidated Financial Statements

#### For the years ended December 31, 2025 and 2024

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

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- (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, 2025 and 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.

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 using a

**Fluent Corp.**

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

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simplified approach at an amount equal to the lifetime ECLs. As at December 31, 2025, the Company had estimated its provision for credit losses to be \$122 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 December 31, 2025 and 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 monitoring forecasted cash flows, reviewing ongoing capital requirements, and maintaining sufficient liquidity to meet its obligations as they come due.

As discussed in Note 3b, as at December 31, 2025, the Company determined that material uncertainty existed that may cast significant doubt around the Company's ability to continue as a going concern. Subsequent to December 31, 2025, the Company received funds from the Interim Financing (see Note 28) to assist in liquidity constraints.

**(d) Regulatory risk**

## Fluent Corp.

### Notes to the Consolidated Financial Statements

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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.

#### 24. 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' deficit and interest-bearing debt. Total managed capital is as follows:

	December 31, 2025	December 31, 2024
Notes payable	\$ 68,406	\$ 76,012
Shareholders' deficit	(80,960)	(8,982)
<b>Total managed capital</b>	<b>\$ (12,554)</b>	<b>\$ 67,030</b>

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 Credit Agreement, the Company is required to maintain an unrestricted cash balance of \$4,500 at each quarter-end. See Note 28 for amendments made to this liquidity covenant subsequent to December 31, 2025. Management reviews its capital management approach on an ongoing basis.

#### 25. Finance costs, net

The Company's finance costs from continuing operations for the years ended December 31, 2025 and 2024 are as follows:

**Fluent Corp.****Notes to the Consolidated Financial Statements****For the years ended December 31, 2025 and 2024***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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	For the year ended December 31,	
	2025	2024
Interest income	\$ (512)	\$ (58)
Interest expense	9,307	9,762
Accretion costs	3,868	5,501
Interest on lease liabilities	7,300	4,406
Loan fees	891	-
Other income	-	(3)
<b>Finance costs, net</b>	<b>\$ 20,854</b>	<b>\$ 19,608</b>

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**26. Supplemental Cash Flow Information**

The following table presents supplemental information for the years ended December 31, 2025 and 2024:

	For the year ended December 31,	
	2025	2024
Income taxes paid	\$ 3,130	\$ 2,104
Interest paid	\$ 8,667	\$ 7,642

**Fluent Corp.**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2025 and 2024**

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

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**27. 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 non-current liability of \$3,447 on its consolidated statement of financial position.

In February 2025, the Company received refunds from the ERTC tax credit totaling \$4,520. Pursuant to the agreement, the Company relinquished its rights to all receipts related to the ERTC, including any interest paid thereon. The receipts satisfied the Company’s obligation to the buyer in full. Accordingly, during the year ended December 31, 2025, the Company derecognized its liability to the buyer of \$3,400 and recorded a corresponding increase to other income of \$3,400.

The ERTC funds paid to the Company may be subject to audit in future years. The statute of limitations for the claims in question is two years from the date(s) the refund was paid. The Company believes it is entitled to the ERTC tax credits received.

**28. Subsequent Events**

On March 18, 2026, the Company entered into an amendment to its existing Credit Agreement which permitted the Company to draw an additional \$6,000 on the date of the amendment in the form of a term loan (the “Interim Financing”). The Interim Financing bears a paid-in-kind interest rate of 13% per annum and is due to mature on December 31, 2026. In connection with the amendment to the Credit Agreement, the Company’s lender reduced the quarterly liquidity covenant from \$4,500 to \$2,000.