

# **Fluent Corp.**

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

**As of June 30, 2026 and December 31, 2025 and  
For the three and six months ended  
June 30, 2026 and 2025**

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

The accompanying unaudited condensed interim consolidated financial statements of Fluent Corp. have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by Fluent Corp.'s auditors.

**Fluent Corp.**

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**Fluent Corp.**
**Condensed Interim Consolidated Statements of Financial Position (Unaudited)**
**As of June 30, 2026 and December 31, 2025**
*(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

|                                                                                                                   | Notes | June 30,<br>2026    | December 31,<br>2025 |
|-------------------------------------------------------------------------------------------------------------------|-------|---------------------|----------------------|
| <b>Assets</b>                                                                                                     |       |                     |                      |
| Current assets                                                                                                    |       |                     |                      |
| Cash and cash equivalents (includes restricted cash of \$2,000 at June 30, 2026 and \$4,500 at December 31, 2025) | 15(b) | \$ 4,515            | \$ 8,910             |
| Accounts receivable, net                                                                                          |       | 1,200               | 839                  |
| Biological assets                                                                                                 | 5     | 2,042               | 2,670                |
| Inventories, net                                                                                                  | 6     | 14,131              | 12,815               |
| Prepaid expenses and other current assets                                                                         | 7     | 1,982               | 3,482                |
| Assets held for sale                                                                                              | 4     | 1,857               | -                    |
| <b>Total current assets</b>                                                                                       |       | <b>\$ 25,727</b>    | <b>\$ 28,716</b>     |
| Property and equipment, net                                                                                       | 8     | 33,042              | 39,755               |
| Right-of-use assets, net                                                                                          | 16    | 39,178              | 43,747               |
| Intangible assets, net                                                                                            | 9     | 32,748              | 33,114               |
| Goodwill                                                                                                          | 10    | 1,525               | 1,525                |
| Other assets                                                                                                      | 11    | 1,423               | 1,725                |
| <b>Total assets</b>                                                                                               |       | <b>\$ 133,643</b>   | <b>\$ 148,582</b>    |
| <b>Liabilities and shareholders' deficit</b>                                                                      |       |                     |                      |
| Current liabilities                                                                                               |       |                     |                      |
| Accounts payable                                                                                                  |       | \$ 10,956           | \$ 6,942             |
| Accrued expenses                                                                                                  |       | 8,485               | 9,903                |
| Derivative liabilities                                                                                            | 13    | 535                 | 1,632                |
| Notes payable - current portion                                                                                   | 15    | 9,620               | 1,253                |
| Lease obligations - current portion                                                                               | 16    | 5,506               | 5,474                |
| Liabilities directly associated with assets held for sale                                                         | 4     | 691                 | -                    |
| <b>Total current liabilities</b>                                                                                  |       | <b>\$ 35,793</b>    | <b>\$ 25,204</b>     |
| Long-term liabilities                                                                                             |       |                     |                      |
| Notes payable, net of current portion and financing costs                                                         | 15    | 59,414              | 59,613               |
| Lease liabilities, net of current portion                                                                         | 16    | 61,353              | 65,982               |
| Deferred tax liabilities, net                                                                                     |       | 4,028               | 4,053                |
| Uncertain tax position                                                                                            | 12    | 64,653              | 60,146               |
| Provision liability, net of current portion                                                                       | 14    | 7,127               | 7,004                |
| Convertible notes, net                                                                                            | 15    | 8,127               | 7,540                |
| <b>Total long-term liabilities</b>                                                                                |       | <b>\$ 204,702</b>   | <b>\$ 204,338</b>    |
| <b>Total liabilities</b>                                                                                          |       | <b>\$ 240,495</b>   | <b>\$ 229,542</b>    |
| <b>Shareholders' deficit</b>                                                                                      |       |                     |                      |
| Share capital                                                                                                     | 17    | 206,629             | 206,629              |
| Share-based compensation reserve                                                                                  | 17    | 7,754               | 7,583                |
| Equity conversion feature                                                                                         | 17    | 7,097               | 7,097                |
| Warrants                                                                                                          |       | 29,634              | 29,634               |
| Accumulated deficit                                                                                               |       | (356,770)           | (330,707)            |
| Accumulated other comprehensive loss                                                                              |       | (1,196)             | (1,196)              |
| <b>Total shareholders' deficit</b>                                                                                |       | <b>\$ (106,852)</b> | <b>\$ (80,960)</b>   |
| <b>Total liabilities and shareholders' deficit</b>                                                                |       | <b>\$ 133,643</b>   | <b>\$ 148,582</b>    |

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

Other notes include:

Nature of operations (Note 1)  
 Basis of presentation (Note 2)  
 Discontinued operations (Note 3)  
 Commitments and contingencies (Note 19)  
 Related-party transactions (Note 20)  
 Financial instruments and financial risk (Note 21)  
 Capital management (Note 22)  
 Supplemental cash flow information (Note 24)  
 Subsequent events (Note 25)

Approved on behalf of the Board:

Matt Mundy  
 Chief Executive Officer (Interim)

Patricia Fonseca  
 Chief Financial Officer

**Fluent Corp.**
**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**  
**(Unaudited)**
**For the three and six months ended June 30, 2026 and 2025**
*(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

|                                                                                  | Notes | For the three months ended |                   | For the six months ended |                    |
|----------------------------------------------------------------------------------|-------|----------------------------|-------------------|--------------------------|--------------------|
|                                                                                  |       | June 30,<br>2026           | June 30,<br>2025  | June 30,<br>2026         | June 30,<br>2025   |
| Revenue, net of discounts                                                        |       | \$ 17,115                  | \$ 22,811         | \$ 35,003                | \$ 45,716          |
| Cost of goods sold                                                               |       | 12,794                     | 13,958            | 25,177                   | 25,764             |
| Gross profit before fair value adjustments                                       |       | 4,321                      | 8,853             | 9,826                    | 19,952             |
| Fair value adjustments on inventory sold                                         | 5     | 2,567                      | (2,186)           | 2,227                    | (2,487)            |
| Unrealized gain (loss) on changes in fair value of biological assets             | 5     | 1,304                      | (999)             | (2,209)                  | 2,026              |
| Gross profit                                                                     |       | 8,192                      | 5,668             | 9,844                    | 19,491             |
| Expenses                                                                         |       |                            |                   |                          |                    |
| General and administrative                                                       | 18    | 4,754                      | 4,111             | 8,371                    | 8,999              |
| Sales and marketing                                                              | 18    | 3,959                      | 5,886             | 8,492                    | 11,647             |
| Depreciation and amortization                                                    | 8, 9  | 1,457                      | 1,983             | 3,091                    | 3,836              |
| Share-based compensation                                                         | 17    | 81                         | 293               | 171                      | 318                |
| Total expenses                                                                   |       | 10,251                     | 12,273            | 20,125                   | 24,800             |
| Income (loss) from operations                                                    |       | (2,059)                    | (6,605)           | (10,281)                 | (5,309)            |
| Other expense (income)                                                           |       |                            |                   |                          |                    |
| Finance costs, net                                                               | 23    | 6,649                      | 5,566             | 11,790                   | 9,907              |
| Change in fair value of derivative liability                                     | 13    | (112)                      | (219)             | (1,097)                  | (676)              |
| Change in remeasurement of provision liability                                   | 14    | -                          | (4,790)           | -                        | (4,790)            |
| Loss on disposal of assets, net                                                  |       | 501                        | 176               | 630                      | 176                |
| Impairment of intangible assets, property and equipment, and right-of-use assets |       | 664                        | -                 | 664                      | -                  |
| Gain on disposition of finance lease                                             |       | (155)                      | -                 | (393)                    | -                  |
| Other expense (income)                                                           |       | (236)                      | (42)              | (433)                    | (30)               |
| Total other expense, net                                                         |       | 7,311                      | 691               | 11,161                   | 4,587              |
| Income (loss) before income taxes                                                |       | (9,370)                    | (7,296)           | (21,442)                 | (9,896)            |
| Income tax expense                                                               | 12    | 1,770                      | 2,753             | 4,621                    | 9,208              |
| Net income (loss) from continuing operations                                     |       | (11,140)                   | (10,049)          | (26,063)                 | (19,104)           |
| Net income (loss) from discontinued operations                                   | 3     | -                          | 377               | -                        | 682                |
| Net income (loss)                                                                |       | \$ (11,140)                | \$ (9,672)        | \$ (26,063)              | \$ (18,422)        |
| <b>Comprehensive income (loss)</b>                                               |       | <b>\$ (11,140)</b>         | <b>\$ (9,672)</b> | <b>\$ (26,063)</b>       | <b>\$ (18,422)</b> |
| Net income (loss) per share                                                      |       |                            |                   |                          |                    |
| Basic and diluted - continuing operations                                        |       | \$ (0.02)                  | \$ (0.02)         | \$ (0.04)                | \$ (0.04)          |
| Basic - discontinued operations                                                  |       | \$ -                       | \$ 0.00           | \$ -                     | \$ 0.00            |
| Diluted - discontinued operations                                                |       | \$ -                       | \$ 0.00           | \$ -                     | \$ 0.00            |
| Weighted average number of shares                                                |       |                            |                   |                          |                    |
| Basic number of shares                                                           | 17    | 637,798,019                | 474,946,760       | 637,780,519              | 473,626,849        |
| Diluted number of shares                                                         | 17    | 675,695,895                | 664,573,481       | 675,037,999              | 663,270,977        |

*The accompanying notes are an integral part of these interim consolidated financial statements. Comparative figures have been restated to present results from discontinued operation*

**Fluent Corp.**

**Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit (Unaudited)**

**For the six months ended June 30, 2026 and 2025**

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

|                                              | Share capital                              |                                  |            | Reserves                               |                              |           |                        |                                         |                                |
|----------------------------------------------|--------------------------------------------|----------------------------------|------------|----------------------------------------|------------------------------|-----------|------------------------|-----------------------------------------|--------------------------------|
|                                              | Number of<br>unrestricted<br>common shares | Number of<br>exchangeable shares | Amount     | Share-based<br>compensation<br>reserve | Equity conversion<br>feature | Warrants  | Accumulated<br>deficit | Accumulated other<br>comprehensive loss | Total shareholders'<br>deficit |
| Balance, December 31, 2024                   | 472,306,938                                | 153,069,395                      | \$ 206,419 | \$ 7,275                               | \$ 7,097                     | \$ 29,634 | \$ (258,211)           | \$ (1,196)                              | \$ (8,982)                     |
| Shares issued for board fees (Note 17 b.)    | 1,657,063                                  | -                                | -          | 138                                    | -                            | -         | -                      | -                                       | 138                            |
| Restricted stock units and options (Note 17) | 19,500                                     | -                                | -          | 180                                    | -                            | -         | -                      | -                                       | 180                            |
| Net loss                                     | -                                          | -                                | -          | -                                      | -                            | -         | -                      | (18,422)                                | (18,422)                       |
| Balance, June 30, 2025                       | 473,983,501                                | 153,069,395                      | \$ 206,419 | \$ 7,593                               | \$ 7,097                     | \$ 29,634 | \$ (258,211)           | \$ (19,618)                             | \$ (27,086)                    |
| Balance, December 31, 2025                   | 637,763,019                                | -                                | \$ 206,629 | \$ 7,583                               | \$ 7,097                     | \$ 29,634 | \$ (330,707)           | \$ (1,196)                              | \$ (80,960)                    |
| Restricted stock units and options (Note 17) | 210,000                                    | -                                | -          | 171                                    | -                            | -         | -                      | -                                       | 171                            |
| Net loss                                     | -                                          | -                                | -          | -                                      | -                            | -         | (26,063)               | -                                       | (26,063)                       |
| Balance, June 30, 2026                       | 637,973,019                                | -                                | \$ 206,629 | \$ 7,754                               | \$ 7,097                     | \$ 29,634 | \$ (356,770)           | \$ (1,196)                              | \$ (106,852)                   |

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

**Fluent Corp.****Condensed Interim Consolidated Statements of Cash Flows (unaudited)****For the six months ended June 30, 2026 and 2025***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

|                                                                                  | <b>For the six months ended<br/>June 30,</b> |                    |
|----------------------------------------------------------------------------------|----------------------------------------------|--------------------|
|                                                                                  | <b>2026</b>                                  | <b>2025</b>        |
| <b>Cash flows used in operating activities</b>                                   |                                              |                    |
| Net loss                                                                         | \$ (26,063)                                  | \$ (18,422)        |
| <b>Adjustments for non-cash items:</b>                                           |                                              |                    |
| Impairment of intangible assets, property and equipment, and right-of-use assets | 664                                          | -                  |
| Unrealized (gain) loss on changes in fair value of biological assets             | 2,209                                        | (2,026)            |
| Realized (gain) loss on fair value amounts included in inventory sold            | (2,227)                                      | 2,487              |
| Share-based compensation expense                                                 | 171                                          | 318                |
| Depreciation and amortization                                                    | 8,956                                        | 12,108             |
| Accretion and interest expense                                                   | 11,282                                       | 10,002             |
| Loss on disposition of fixed assets                                              | 1,151                                        | 176                |
| Gain on remeasurement of provision liability                                     | -                                            | (4,790)            |
| Loss (gain) on lease modification                                                | (427)                                        | 2                  |
| Net change in fair value of derivative                                           | (1,097)                                      | (676)              |
| Deferred tax expense (recovery)                                                  | (25)                                         | (1,192)            |
| Net change in non-cash working capital                                           |                                              |                    |
| Accounts receivable                                                              | (361)                                        | (175)              |
| Biological assets                                                                | (10,057)                                     | (11,292)           |
| Inventory                                                                        | 9,066                                        | 8,741              |
| Prepaid expenses and other current assets                                        | 2,441                                        | 1,173              |
| Right of use assets/liabilities                                                  | (3,622)                                      | (8,070)            |
| Other assets                                                                     | 223                                          | 4,378              |
| Accounts payable                                                                 | 4,050                                        | 1,351              |
| Accrued expenses                                                                 | (2,017)                                      | (806)              |
| Uncertain tax position                                                           | 4,507                                        | 9,478              |
| Income tax payable                                                               | -                                            | (1,003)            |
| <b>Net cash provided by (used in) operating activities (see Note 3)</b>          | <b>\$ (1,176)</b>                            | <b>\$ 1,762</b>    |
| <b>Cash flows used in investing activities</b>                                   |                                              |                    |
| Purchases of property and equipment                                              | (1,211)                                      | (11,041)           |
| Purchase of intangible assets                                                    | (316)                                        | -                  |
| <b>Net cash used in investing activities (see Note 3)</b>                        | <b>\$ (1,527)</b>                            | <b>\$ (11,041)</b> |
| <b>Cash flows provided by (used in) financing activities</b>                     |                                              |                    |
| Payment of lease obligations                                                     | (2,567)                                      | (2,142)            |
| Proceeds from term loan amendment, net of financing costs                        | 5,740                                        | -                  |
| Principal and interest repayments of notes payable                               | (4,865)                                      | (5,830)            |
| <b>Net cash used in financing activities (see Note 3)</b>                        | <b>\$ (1,692)</b>                            | <b>\$ (7,972)</b>  |
| Net change in cash                                                               | (4,395)                                      | (17,251)           |
| Cash, beginning of period                                                        | 8,910                                        | 40,106             |
| Cash, end of period                                                              | <b>\$ 4,515</b>                              | <b>\$ 22,855</b>   |

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

## **Fluent Corp.**

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

*(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 3).

Through its acquisition of RIV Capital Inc. (“RIV Capital”) on December 19, 2024, the Company is licensed to produce and sell both medical and adult-use cannabis in New York.

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 six months ending June 30, 2026, the Company’s operations were organized into three operating segments, resulting in one reportable segment. During the six months ending June 30, 2025, the Company’s operations were organized into four operating segments, resulting in one reportable segment. All revenues for the six months ended June 30, 2026 and 2025 were generated in the United States.

#### **2. Basis of preparation**

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

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

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on August 21, 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

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

These condensed interim 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 June 30, 2026, the Company had cash and cash equivalents of \$4,515 and a working capital deficit of \$10,067. For the six months ending June 30, 2026, the Company incurred a net loss of \$26,063 and experienced negative operating cash flows of \$1,176.

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.

The Company has been pursuing strategic initiatives intended to strengthen its liquidity position and support ongoing operations. These initiatives include entering into the previously announced arrangement agreement with Vireo Growth Inc. ("Vireo") (the "Vireo Arrangement"), and entering into the definitive agreement with Legacy Therapeutics, LLC for the sale of its Texas operations (see Note 4 for further details). 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, and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These condensed interim 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 condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets, derivative and provision liabilities, and biological assets which are measured at fair value at the financial reporting date.

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

**(d) Basis of consolidation**

The condensed interim consolidated financial statements include the accounts of the Company and its wholly and majority-owned subsidiaries. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are substantive are considered. Non-controlling interests in the equity of consolidated subsidiaries are shown separately in the condensed interim consolidated statements of financial position, condensed interim consolidated statements of income (loss) and comprehensive income (loss) and in the condensed interim 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

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

the Company's subsidiaries that are included in these condensed interim consolidated financial statements and the ownership interest held as of June 30, 2026 and December 31, 2025, respectively.

|                                 | <b>% Ownership<br/>June, 2026</b> | <b>% Ownership<br/>December 31, 2025</b> |
|---------------------------------|-----------------------------------|------------------------------------------|
| Cansortium Holdings LLC         | 100%                              | 100%                                     |
| Cansortium Pennsylvania, LLC    | -                                 | -                                        |
| 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%                                     |
| 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%                                     |

On December 31, 2025, the Company completed the sale of its Pennsylvania operations for cash proceeds of \$12,500. See Note 3 for further details.

On May 1, 2026, the Company announced that it entered into a definitive agreement to sell Cansortium Texas, LLC. The transaction is subject to applicable regulatory approvals and the satisfaction of certain other customary closing conditions. See Note 4 for further details.

On July 23, 2026, the Company announced that it entered into a definitive agreement to sell Etain LLC. The transaction is subject to applicable regulatory approvals and the satisfaction of certain other customary closing conditions. See Note 25 for further details.

**(e) Material accounting policy information**

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, following the same accounting policies and methods of application as those disclosed in the annual audited consolidated financial statements for the years ended December 31, 2025, and 2024. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the years ended December 31, 2025, and 2024, including the accompanying notes thereto.

**(f) Critical accounting judgments, estimates and assumptions**

The preparation of the Company's condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and revenue and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Critical judgments, estimates and assumptions that have the most significant effect on the amounts recognized on these condensed interim consolidated financial statements have been set out in Note 4 of the audited annual consolidated financial statements for the years ended December 31, 2025, and 2024.

**(g) 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.

**(h) 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*.

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.

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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

**3. Discontinued operations**

On December 31, 2025, the Company completed the sale of its Pennsylvania operations for cash proceeds of \$12,500 (the "Pennsylvania Disposition"). Pursuant to the terms of the definitive agreement entered into in connection with the Pennsylvania Disposition, the purchase price was subject to adjustment pursuant to a customary working capital adjustment. 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 three and six months ended June 30, 2025.

Comparative figures for the three and six months ended June 30, 2025 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 three and six months ended June 30, 2025 is as follows:

|                                                                                            | Three months ended<br>June 30, 2025 | Six months ended<br>June 30, 2025 |
|--------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------|
| Revenue, net                                                                               | \$ 3,920                            | \$ 7,732                          |
| Cost of goods sold                                                                         | 2,342                               | 4,732                             |
| <b>Gross profit</b>                                                                        | <b>\$ 1,578</b>                     | <b>\$ 3,000</b>                   |
| Operating expenses                                                                         |                                     |                                   |
| General and administrative                                                                 | 1                                   | 7                                 |
| Sales and marketing                                                                        | 617                                 | 1,175                             |
| Depreciation and amortization                                                              | 171                                 | 343                               |
| <b>Total operating expenses</b>                                                            | <b>789</b>                          | <b>1,526</b>                      |
| <b>Income from operations</b>                                                              | <b>790</b>                          | <b>1,474</b>                      |
| Other expense (income)                                                                     |                                     |                                   |
| Finance costs, net                                                                         | 82                                  | 164                               |
| <b>Total other expense (income)</b>                                                        | <b>82</b>                           | <b>164</b>                        |
| Net income (loss) from discontinued operations before<br>gain on disposal and income taxes | 708                                 | 1,310                             |
| Current income tax expense                                                                 | 331                                 | 630                               |
| <b>Net income (loss) from discontinued<br/>operations</b>                                  | <b>\$ 377</b>                       | <b>\$ 681</b>                     |

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

Cash flows provided by (used in) discontinued operations reported in the condensed interim consolidated statements of cash flows for the six months ended June 30, 2025 are as follows:

|                                                       | Six months ended<br>June 30, 2025 |
|-------------------------------------------------------|-----------------------------------|
| Cash flows provided by operating activities           | \$ (895)                          |
| Cash flows provided by investing activities           | 1,951                             |
| Cash flows used in financing activities               | (98)                              |
| <b>Cash flows provided by discontinued operations</b> | <b>\$ 958</b>                     |

**4. Assets held for sale**

On May 1, 2026, the Company entered into a definitive purchase agreement (the "Purchase Agreement") with Legacy Therapeutics, LLC ("Legacy"), pursuant to which Legacy will acquire 100% of the issued and outstanding equity interests in Consortium Texas, LLC (the "Legacy Transaction"). The Legacy Transaction contemplates the sale of the Company's Texas business operations, which comprises substantially all of the Consortium Texas, LLC assets and liabilities including Consortium Texas's license, cultivation, manufacturing, and delivery business in Schulenburg, Texas, and the Houston retail operations.

Pursuant to the terms of the Purchase Agreement, the aggregate purchase price payable by Legacy is \$30,000, of which \$25,000 will be payable at closing and an amount equal to \$2,500 will be payable on each of the first and second anniversaries of the closing date. The Legacy Transaction is subject to the satisfaction of certain customary closing conditions and applicable regulatory approvals.

The Company concluded that the disposal group met the criteria for classification as held for sale under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, as of May 1, 2026. The disposal group is available for immediate sale in its present condition, management is committed to the sale, an active program to complete the transaction is underway, and completion of the sale is considered highly probable within twelve months of the reporting date.

The Texas operations do not represent a separate major line of business or geographical area of operations and, accordingly, do not meet the definition of a discontinued operation under IFRS 5. Accordingly, the results of the Texas operations continue to be presented within continuing operations within the Company's condensed interim consolidated statements of income (loss) and comprehensive income (loss).

Upon classification as held for sale, the disposal group was measured at the lower of its carrying amount and fair value less costs to sell. No impairment loss was recognized upon classification as held for sale.

The major classes of assets and liabilities classified as held for sale are as follows:

|                                           | As of June 30,<br>2026 |
|-------------------------------------------|------------------------|
| Cash                                      | \$ 79                  |
| Inventory                                 | 320                    |
| Prepaid expenses and other current assets | 26                     |
| Property and equipment, net               | 872                    |
| Right-of-use assets, net                  | 348                    |
| Intangible assets, net                    | 212                    |
| <b>Assets held for sale</b>               | <b>\$ 1,857</b>        |

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

|                                                                  | As of June 30,<br>2026 |
|------------------------------------------------------------------|------------------------|
| Accounts payable                                                 | \$ 38                  |
| Accrued expenses                                                 | 10                     |
| Notes payable                                                    | 15                     |
| Lease obligations                                                | 628                    |
| <b>Liabilities directly associated with assets held for sale</b> | <b>\$ 691</b>          |

**5. Biological assets**

Biological assets are measured at fair value less costs to sell in accordance with IAS 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 of the reporting date. The Company's average cultivation cycle is approximately 13 weeks.

Movement in the Company's biological assets for the six months ended June 30, 2026, and the year ended December 31, 2025, is outlined below:

|                                                                | June 30,<br>2026 | December 31,<br>2025 |
|----------------------------------------------------------------|------------------|----------------------|
| Balance at beginning of period                                 | \$ 2,670         | \$ 3,162             |
| Cost incurred until harvest                                    | 10,056           | 20,918               |
| Effect of unrealized change in fair value of biological assets | (2,209)          | (733)                |
| Transferred to inventory upon harvest                          | (8,475)          | (20,677)             |
| <b>Balance at end of period</b>                                | <b>\$ 2,042</b>  | <b>\$ 2,670</b>      |

The net change in fair value less costs to sell is recognized in the condensed interim consolidated 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 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.

## Fluent Corp.

### Notes to the Condensed Interim Consolidated Financial Statements

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

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 June 30, 2026 |            | As at December 31, 2025 |            |
|----------------------------------------------------------------------------------------------------------------|---------------------|------------|-------------------------|------------|
|                                                                                                                | Input               | 10% Change | Input                   | 10% Change |
| (i) Weighted average of expected loss of plants until harvest                                                  | 5%                  | \$3        | 6%                      | \$12       |
| (ii) Expected yields for cannabis plants (average grams per plant)                                             | 117                 | \$57       | 79                      | \$180      |
| (iii) Weighted average number of growing weeks completed as percentage of total growing weeks as at period end | 62%                 | \$57       | 55%                     | \$180      |
| (iv) FL Estimated selling price per gram                                                                       | \$4.43 per gram     | \$927      | \$6.13 per gram         | \$873      |
| (v) FL Cost to sell per gram per flower and trim, respectively                                                 | \$0.61 per gram     | \$870      | \$2.04 per gram         | \$692      |

#### New York

| Assumptions                                                                                                     | As at June 30, 2026 |            | As at December 31, 2025 |            |
|-----------------------------------------------------------------------------------------------------------------|---------------------|------------|-------------------------|------------|
|                                                                                                                 | Input               | 10% Change | Input                   | 10% Change |
| i. Weighted average of expected loss of plants until harvest                                                    | 8%                  | \$19       | 5%                      | \$5        |
| ii. Expected yields for cannabis plants (average grams per plant)                                               | 203                 | \$150      | 127                     | \$98       |
| iii. Weighted average number of growing weeks completed as a percentage of total growing weeks as at period end | 59%                 | \$150      | 64%                     | \$98       |
| iv. NY Estimated selling price per gram                                                                         | \$3.02 per gram     | \$185      | \$1.06 per gram         | \$120      |
| v. NY Cost to sell per gram per flower and trim, respectively                                                   | \$1.87 per gram     | \$35       | \$0.20 per gram         | \$23       |

As at June 30, 2026, the Company's biological assets were expected to yield approximately:

- 3,861,695 grams of dry cannabis for Florida and Texas (December 31, 2025 – 3,844,369 grams)
- 2,179,712 grams of dry cannabis for New York (December 31, 2025 – 1,827,892 grams)

As at June 30, 2026, the Company had:

- 38,050 plants in Florida and Texas (December 31, 2025 – 51,997 plants)
- 11,720 plants in New York (December 31, 2025 – 13,392 plants)

## 6. Inventory

As of June 30, 2026 and December 31, 2025, inventory consisted of the following:

|                                      | June 30,<br>2026 | December 31,<br>2025 |
|--------------------------------------|------------------|----------------------|
| Supplies, packaging and materials    | \$ 2,798         | \$ 2,402             |
| Work in progress                     | 8,183            | 7,480                |
| Finished goods                       | 4,391            | 4,868                |
| Inventory reserve                    | (921)            | (1,935)              |
| Reclassified as assets held for sale | (320)            | -                    |
| <b>Balance at end of period</b>      | <b>\$ 14,131</b> | <b>\$ 12,815</b>     |

Inventory material costs expensed to cost of goods sold during the six months ended June 30, 2026 and the year ended December 31, 2025 were \$3,420 and \$18,807, respectively. Salaries and benefits expensed to cost of goods sold during the six months ended June 30, 2026 and year ended December 31, 2025 were \$7,534 and \$15,364, respectively. Depreciation and amortization expensed to costs of goods sold for the six months ended June 30, 2026 and the year ended December 31, 2025 were \$5,861 and \$11,217, respectively.

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

The Company's inventory reserve reflects the value of slow-moving products and packaging not expected to be repurposed. During the six months ended June 30, 2026, the Company reversed \$390 of its reserve related to work in progress oil inventory processed in the period that it had previously not expected to utilize.

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

Prepaid expenses and other current assets as of June 30, 2026 and December 31, 2025 consist of the following:

|                                      | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> |
|--------------------------------------|--------------------------|------------------------------|
| Prepaid insurance                    | \$ 179                   | \$ 337                       |
| Other prepaid expenses               | 233                      | 435                          |
| Tenant improvement allowance         | 400                      | 650                          |
| Prepaid inventory                    | 213                      | 110                          |
| Insurance financing                  | 866                      | 853                          |
| Other current assets                 | 117                      | 1,097                        |
| Reclassified as assets held for sale | (26)                     | -                            |
| <b>Balance at end of period</b>      | <b>\$ 1,982</b>          | <b>\$ 3,482</b>              |

**Fluent Corp.**
**Notes to the Condensed Interim Consolidated Financial Statements**
*(Amounts expressed in thousands of United States Dollars unless otherwise stated)*
**8. Property and equipment**

A reconciliation of the beginning and ending balances of property and equipment for the six months ended June 30, 2026 and the year ended December 31, 2025 is as follows:

|                                             | Furniture and<br>Fixtures | Computer<br>Equipment | Manufacturing<br>Equipment | Leasehold<br>Improvements | Construction<br>in Progress | Vehicles      | Total            |
|---------------------------------------------|---------------------------|-----------------------|----------------------------|---------------------------|-----------------------------|---------------|------------------|
| <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>\$ 834</b>             | <b>\$ 121</b>         | <b>\$ 6,350</b>            | <b>\$ 30,245</b>          | <b>\$ 1,938</b>             | <b>\$ 267</b> | <b>\$ 39,755</b> |
| <b>Cost</b>                                 |                           |                       |                            |                           |                             |               |                  |
| Balance as of January 1, 2026               | 1,766                     | 2,064                 | 14,965                     | 68,648                    | 1,938                       | 555           | 89,936           |
| Additions                                   | -                         | 21                    | 486                        | 1,879                     | (1,135)                     | -             | 1,251            |
| Disposals                                   | (91)                      | (125)                 | (470)                      | (1,352)                   | -                           | (80)          | (2,118)          |
| Impairment                                  | (48)                      | -                     | -                          | (517)                     | -                           | -             | (565)            |
| Reclassified as held for sale               | -                         | (6)                   | (938)                      | (1,452)                   | -                           | (49)          | (2,445)          |
| Balance as of June 30, 2026                 | 1,627                     | 1,954                 | 14,043                     | 67,206                    | 803                         | 426           | 86,059           |
| <b>Accumulated depreciation</b>             |                           |                       |                            |                           |                             |               |                  |
| Balance as of January 1, 2026               | 932                       | 1,943                 | 8,615                      | 38,403                    | -                           | 288           | 50,181           |
| Additions                                   | 119                       | 63                    | 911                        | 4,592                     | -                           | 30            | 5,715            |
| Disposals                                   | (81)                      | (108)                 | (27)                       | (695)                     | -                           | (56)          | (967)            |
| Impairment                                  | (32)                      | -                     | -                          | (307)                     | -                           | -             | (339)            |
| Reclassified as held for sale               | -                         | (6)                   | (870)                      | (655)                     | -                           | (42)          | (1,573)          |
| Balance as of June 30, 2026                 | 938                       | 1,892                 | 8,629                      | 41,338                    | -                           | 220           | 53,017           |
| <b>Property and equipment, net</b>          | <b>\$ 689</b>             | <b>\$ 62</b>          | <b>\$ 5,414</b>            | <b>\$ 25,868</b>          | <b>\$ 803</b>               | <b>\$ 206</b> | <b>\$ 33,042</b> |

During the six months ended June 30, 2026 and the year ended December 31, 2025, the Company capitalized \$5,153 and \$10,211 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. No new cultivation sites were opened within the six months ended June 30, 2026 and the Ruskin cultivation site was closed effective April 1, 2026.

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 cash generating unit ("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 9 and Note 16 for further details.

# Fluent Corp.

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During the three months ended June 30, 2026, the Company permanently closed certain retail dispensary locations as part of its ongoing evaluation of its operating footprint. Management determined that the closures constituted indicators of impairment under IAS 36, *Impairment of Assets*, as the locations are no longer expected to generate future economic benefits and the Company does not intend to reopen or sublease the leased premises. Accordingly, the Company performed impairment tests on the property and equipment located at the closed locations. The recoverable amounts of the property and equipment were determined based on their estimated fair value less costs of disposal. Given the absence of expected future cash inflows and inability to separate certain leasehold improvements from the associated right-of-use assets, the recoverable amount of the property and equipment was determined to be nil.

As a result, the Company recognized an impairment loss of \$226 during the three and six months ended June 30, 2026, reducing the carrying amount of the related property and equipment to their recoverable amount. The impairment loss has been recognized within impairment loss on long-lived assets in the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

### 9. 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 the six months ended June 30, 2026 and year ended December 31, 2025 is as follows:

|                                 | Licenses       |                  | Trademarks and | Computer     |                  |
|---------------------------------|----------------|------------------|----------------|--------------|------------------|
|                                 | Amortized Cost | Indefinite Lived | Brands         | Software     | Total            |
| <b>Cost</b>                     |                |                  |                |              |                  |
| Balance as of January 1, 2025   | 2,041          | 36,051           | 9,113          | 32           | 47,237           |
| Additions                       | 318            | -                | -              | 40           | 358              |
| 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            |
| 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> |
| Balance as of January 1, 2026   | 2,359          | 32,526           | 8,850          | 72           | 43,807           |
| Additions                       | 316            | -                | -              | -            | 316              |
| Disposals                       | -              | -                | -              | (40)         | (40)             |
| Reclassified as held for sale   | (956)          | -                | -              | -            | (956)            |
| Balance as of June 30, 2026     | 1,719          | 32,526           | 8,850          | 32           | 43,127           |
| <b>Accumulated amortization</b> |                |                  |                |              |                  |
| Balance as of January 1, 2026   | 1,831          | -                | 8,850          | 12           | 10,693           |
| Additions                       | 425            | -                | -              | 4            | 429              |
| Reclassified as held for sale   | (743)          | -                | -              | -            | (743)            |
| Balance as of June 30, 2026     | 1,513          | -                | 8,850          | 16           | 10,379           |
| <b>Intangible assets, net</b>   | <b>\$ 206</b>  | <b>\$ 32,526</b> | <b>\$ -</b>    | <b>\$ 16</b> | <b>\$ 32,748</b> |

As at June 30, 2026, the Company's licenses include various cannabis licenses in Florida, New York, and Texas. 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. The

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements**

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Company ceased amortization of its renewable cannabis license in Texas as of the held for sale date of May 1, 2026 (see Note 4).

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.

Management assessed whether indicators of impairment existed at June 30, 2026 and determined no additional impairment testing was required.

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.

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.

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Amortization expense for the six months ended June 30, 2026 and 2025, was \$429 and \$672, 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 June 30, 2026 is 0.12 years (December 31, 2025 – 0.6 years). The remaining amortization period for the New York renewable cultivation and dispensing license as of June 30, 2026 is 1.75 years (December 31, 2025 – 0 years). The remaining term for the Texas renewable cultivation license as of June 30, 2026 is 1.25 years (December 31, 2025 – 1.75 years).

**10. Goodwill**

The carrying value of goodwill as of June 30, 2026 and December 31, 2025 was \$1,525. At both periods, the carrying value of goodwill was wholly attributed to the Florida CGU.

During the six months ended June 30, 2026 and the year ended December 31, 2025, the Company did not recognize an impairment loss on the carrying value of goodwill.

**11. Other assets**

Other assets as of June 30, 2026 and December 31, 2025, are comprised of the following:

|                           | June 30,<br>2026 | December 31,<br>2025 |
|---------------------------|------------------|----------------------|
| Other assets              |                  |                      |
| Prepaid rent              | \$ 15            | \$ 22                |
| Security deposits         | 1,374            | 1,479                |
| Tax payments              | 34               | 224                  |
| <b>Total other assets</b> | <b>\$ 1,423</b>  | <b>\$ 1,725</b>      |

**12. Income taxes**

Income tax for the three and six months ended June 30, 2026 and 2025 consisted of the following:

|                                        | Three months ended |                 | Six months ended |                 |
|----------------------------------------|--------------------|-----------------|------------------|-----------------|
|                                        | June 30, 2026      | June 30, 2025   | June 30, 2026    | June 30, 2025   |
| Current income tax expense             | \$ 1,617           | \$ 4,461        | \$ 4,647         | \$ 10,399       |
| Deferred income tax expense (recovery) | 153                | (1,708)         | (26)             | (1,191)         |
| <b>Total income taxes</b>              | <b>\$ 1,770</b>    | <b>\$ 2,753</b> | <b>\$ 4,621</b>  | <b>\$ 9,208</b> |

Income tax expense is recognized based on the Company's estimate of the weighted average effective annual income tax rate expected for the full financial year. The U.S statutory tax rate in effect for the three and six months ended June 30, 2026 and 2025 was 21%. The Canadian statutory tax rate in effect for certain of the Company's Canadian subsidiaries was 26.5%.

Within net deferred tax liabilities recorded at June 30, 2026 and December 31, 2025, the Company recognized tax assets related to deductible temporary differences the Company expects to realize to reduce income taxes payable in future taxation years within certain of the Company's U.S. subsidiaries.

During the year ending December 31, 2024, the Company filed amended tax returns for tax year 2022 using tax positions based on legal interpretations that challenge the Company's tax liability under IRC Section 280E.

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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 June 30, 2026 and December 31, 2025 of \$64,653 and \$60,146, 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 three and six months ended June 30, 2026 and 2025 includes an estimate of penalties and interest accrued on the Company's uncertain tax position liability.

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

On April 23, 2026, the U.S. Department of the Treasury and IRS announced their intention to issue guidance addressing the federal tax consequences associated with the rescheduling of medical cannabis under the U.S. Controlled Substances Act. The announcement follows the final order issued by the U.S. Department of Justice to reschedule medical cannabis from Schedule I to Schedule III.

As a result of the rescheduling, the Company's medical cannabis operations are expected to no longer be subject to the limitations under IRC Section 280E upon the effective date of the applicable guidance. Accordingly, the Company's uncertain tax position related to 2026 activity omits any IRC 280E impact for related to sales of medical cannabis beginning April 23, 2026 for the Company's medical-only states.

**13. Derivative liabilities**

During the six months ended June 30, 2026 and year ended December 31, 2025, the Company's derivative liability consisted of a convertible note derivative liability. A reconciliation of the beginning and ending balances of the Company's derivative liabilities during the six months ended June 30, 2026 and year ended December 31, 2025, is as follows:

|                                        | <b>Smith Convertible<br/>Note</b> |              |
|----------------------------------------|-----------------------------------|--------------|
| <b>Balance as of December 31, 2024</b> | <b>\$</b>                         | <b>2,148</b> |
| Fair value change                      |                                   | (516)        |
| <b>Balance as of December 31, 2025</b> | <b>\$</b>                         | <b>1,632</b> |
| Fair value change                      |                                   | (1,097)      |
| <b>Balance as of June 30, 2026</b>     | <b>\$</b>                         | <b>535</b>   |

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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*Smith Convertible Note (see Note 15)*

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 Fluent Corp., 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. 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"). 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 common shares of the Company 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 fair value through profit and loss ("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 \$1,097 for the six months ended June 30, 2026 on remeasurement of the embedded derivative (year ended December 31, 2025 – fair value gain of \$516), which is recorded within "net change in fair value of derivative" on the condensed interim consolidated statements of income (loss) and comprehensive income (loss). Key observable and unobservable inputs to the valuation at June 30, 2026 include the Company's share price (\$0.02 per share), risk-free rate (4.15%), credit spread (24.75%), and volatility (137.36%)

**14. Provision liability**

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

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

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

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(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.

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. As of June 30, 2026, no payment has been made toward Tranche 2 (which has been modified, as discussed herein). The Company is currently engaged in negotiations with the OCM regarding a payment plan, which would require the Company to remit 8 equal installment payments of \$250 on a quarterly basis beginning September 30, 2026. 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 of 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 condensed interim consolidated statement of financial position as of June 30, 2026.

The following table presents a summary continuity schedule of the carrying value of the provision liability for the six months ended June 30, 2026 and year ended December 31, 2025:

|                                                              |           |               |
|--------------------------------------------------------------|-----------|---------------|
| <b>Provision liability - balance as of December 31, 2024</b> | <b>\$</b> | <b>14,001</b> |
| Accretion expense                                            |           | 206           |
| Remeasurement                                                |           | (5,203)       |
| Reclass to accounts payable                                  |           | (2,000)       |
| <b>Provision liability - balance as of December 31, 2025</b> | <b>\$</b> | <b>7,004</b>  |
| Accretion expense                                            |           | 123           |
| <b>Provision liability - balance as of June 30, 2026</b>     | <b>\$</b> | <b>7,127</b>  |

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***15. Notes payable and convertible notes**

As of June 30, 2026 and December 31, 2025 notes payable consisted of the following:

|                                              | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> |
|----------------------------------------------|--------------------------|------------------------------|
| Credit Agreement (b)                         | 57,178                   | 56,043                       |
| Equipment loan (c)                           | 32                       | 42                           |
| Convertible debenture (d)                    | 2,451                    | 2,553                        |
| Insurance financing (e)                      | 526                      | 524                          |
| Cultivation facility loan (f)                | 1,355                    | 1,312                        |
| Smith Convertible Note (g)                   | 8,127                    | 7,540                        |
| Parks & Long loan (h)                        | -                        | 392                          |
| Interim Financing (i)                        | 7,507                    | -                            |
| Total notes payable (a)                      | \$ 77,176                | \$ 68,406                    |
| Less current portion of notes payable        | (9,620)                  | (1,253)                      |
| Less convertible note                        | (8,127)                  | (7,540)                      |
| Less reclassified liabilities held for sale  | (15)                     | -                            |
| <b>Notes payable, net of current portion</b> | <b>\$ 59,414</b>         | <b>\$ 59,613</b>             |

**(a) Notes payable**

A reconciliation of the beginning and ending balances of the notes payable for the six months ended June 30, 2026 and the year ended December 31, 2025 is as follows:

|                                         | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> |
|-----------------------------------------|--------------------------|------------------------------|
| Balance at the beginning of the period  | \$ 68,406                | \$ 76,012                    |
| Insurance financing                     | 967                      | 2,028                        |
| Parks & Long loan                       | -                        | 784                          |
| Interest and accretion                  | 6,928                    | 12,227                       |
| Repayments of principal and interest    | (4,865)                  | (22,645)                     |
| Interim Financing                       | 5,740                    | -                            |
| <b>Balance at the end of the period</b> | <b>\$ 77,176</b>         | <b>\$ 68,406</b>             |

Refer to Note 23 for a reconciliation of finance costs for the three and six months ended June 30, 2026 and 2025.

**(b) 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 Financial Services, LLC ("Chicago Atlantic"), as successor 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 provided for an initial loan of \$71,500 and initially included access to two additional credit lines of \$10,000 for future real estate acquisitions and construction projects, and \$15,000 in the event

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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that the Company were to acquire RIV Capital's Buffalo cultivation and processing facility following the completion of the business combination. As of June 30, 2026, the additional credit lines had either expired or been cancelled.

The Credit Agreement included 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. In connection with the interim financing received March 17, 2026 (discussed herein), this liquidity covenant was reduced to \$2,000.

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 was 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 3), 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%.

**(c) 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.

**(d) 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 June 30, 2026, the principal amount outstanding under the Debenture was \$2,449. As of June 30, 2026, the Pre-Funding Warrant has expired and is no longer outstanding.

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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**(e) Insurance financing**

In April 2026, the Company financed general liability insurance in the amount of \$849, payable monthly with a nine-month term and an 8.96% interest rate. In April 2026, the Company financed professional liability insurance in the amount of \$118, payable monthly with a three-month term and a 10.25% 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 June 30, 2026, the principal amount outstanding for financed insurance is \$526.

**(f) 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 20), 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.

**(g) Smith Convertible Note**

As discussed in Note 13, 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 six months ended June 30, 2026, the Company recognized \$587 of accretion expense within "finance costs, net" on the condensed interim consolidated statement of income (loss) and comprehensive income (loss) (year ended December 31, 2025 – \$1,058).

**(h) 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. The loan was settled in full as of June 30, 2026.

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***(i) Interim Financing**

On March 17, 2026, the Company entered into an amendment to its existing Credit Agreement which permitted the Company to, among other things, 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, an exit fee of an amount equal to two times the aggregate principal of the Interim Financing less the sum of the principal plus the paid-in-kind interest at maturity, 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 for the period of March 17, 2026 to November 24, 2028.

The Interim Financing is a financial liability measured at amortized cost. The Company recorded a financial liability at initial recognition of \$5,740, which represents the cash proceeds received of \$6,000 net of debt issuance costs of \$260. The Interim Financing is being amortized over the term to maturity of December 31, 2026 at an effective interest rate of 95.4%. For the six months ended June 30, 2026, the Company recognized \$1,768 of accretion expense related to the Interim Financing within “finance costs, net” on the condensed interim consolidated statement of income (loss) and comprehensive income (loss) (year ended December 31, 2025 – not applicable).

**16. Leases**

As of June 30, 2026, 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, Texas, and New York. As of December 31, 2025, the Company’s right-of-use assets and lease liabilities also related to leased retail dispensaries in Pennsylvania.

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

|                                             | June 30,<br>2026 | December 31,<br>2025 |
|---------------------------------------------|------------------|----------------------|
| <b>Cost</b>                                 |                  |                      |
| Balance at beginning of period              | \$ 72,597        | \$ 68,156            |
| Additions                                   | -                | 27,702               |
| Modifications                               | -                | (41)                 |
| Terminations                                | (971)            | (676)                |
| Impairment                                  | (438)            | (20,521)             |
| Disposal through sale of business component | -                | (2,023)              |
| Reclassification to assets held for sale    | (348)            | -                    |
| Balance at end of period                    | \$ 70,840        | \$ 72,597            |
| <b>Accumulated depreciation</b>             |                  |                      |
| Balance at beginning of period              | \$ 28,850        | \$ 21,425            |
| Additions                                   | 2,812            | 7,514                |
| Terminations                                | -                | (89)                 |
| Balance at end of period                    | \$ 31,662        | \$ 28,850            |
| <b>Right-of-use-assets, net</b>             | <b>\$ 39,178</b> | <b>\$ 43,747</b>     |

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***(b) Lease liabilities**

|                                                  | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> |
|--------------------------------------------------|--------------------------|------------------------------|
| Balance at beginning of period                   | \$ 71,456                | \$ 56,478                    |
| Additions                                        | -                        | 23,204                       |
| Modifications                                    | -                        | 5                            |
| Terminations                                     | (1,402)                  | (836)                        |
| Interest on lease liabilities                    | 3,622                    | 7,622                        |
| Interest payments on lease liabilities           | (3,622)                  | (7,622)                      |
| Principal payments on lease liabilities          | (2,567)                  | (4,764)                      |
| Disposal through sale of business component      | -                        | (2,631)                      |
| <b>Balance at end of period</b>                  | <b>\$ 67,487</b>         | <b>\$ 71,456</b>             |
| Less current portion of lease liabilities        | (5,506)                  | (5,474)                      |
| Less reclassified liabilities held for sale      | (628)                    | -                            |
| <b>Lease liabilities, net of current portion</b> | <b>\$ 61,353</b>         | <b>\$ 65,982</b>             |

The Company's lease obligation maturity has been disclosed within Note 19.

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 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 9), 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.

During the three months ended June 30, 2026, the Company permanently closed certain retail dispensary locations as part of its ongoing evaluation of its operating footprint. Management determined that the closures constituted indicators of impairment under IAS 36, *Impairment of Assets*, as the locations are no longer expected to generate future economic benefits and the Company does not intend to reopen or sublease the leased premises. Accordingly, the Company performed impairment testing on the right-of-use assets associated with the closed dispensaries. The recoverable amounts of the right-of-use assets were determined based on their estimated fair value less costs of disposal. Given the absence of expected future cash inflows and the lack of alternative use of the leased premises, the recoverable amount of the right-of-use assets was determined to be nil.

As a result, the Company recognized an impairment loss of \$438 during the three and six months ended June 30, 2026, reducing the carrying amount of the related right-of-use assets to their recoverable amount. The impairment loss has been recognized within impairment loss on long-lived assets in the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

The associated lease liabilities continue to be measured in accordance with IFRS 16.

**Fluent Corp.**
**Notes to the Condensed Interim Consolidated Financial Statements**
*(Amounts expressed in thousands of United States Dollars unless otherwise stated)*
**17. Shareholders' deficit**

|                                                   | Share capital                              |                                  |                   |
|---------------------------------------------------|--------------------------------------------|----------------------------------|-------------------|
|                                                   | Number of<br>unrestricted<br>common shares | Number of<br>exchangeable shares | Amount            |
| <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 17 b.)         | 4,407,063                                  | -                                | -                 |
| Restricted stock units and options (Note 17)      | 4,479,623                                  | -                                | -                 |
| Conversion of Exchangeable Shares (Note 17 a.)    | 153,069,395                                | (153,069,395)                    | -                 |
| Private placement issuance of shares (Note 17 e.) | 3,500,000                                  | -                                | 210               |
| Net loss                                          | -                                          | -                                | -                 |
| Other comprehensive loss, net of tax              | -                                          | -                                | -                 |
| <b>Balance, December 31, 2025</b>                 | <b>637,763,019</b>                         | <b>-</b>                         | <b>\$ 206,629</b> |
| Restricted stock units and options (Note 17)      | 210,000                                    | -                                | -                 |
| Net loss                                          | -                                          | -                                | -                 |
| Other comprehensive loss, net of tax              | -                                          | -                                | -                 |
| <b>Balance, June 30, 2026</b>                     | <b>637,973,019</b>                         | <b>-</b>                         | <b>\$ 206,629</b> |

**Equity transactions**

During the six months ended June 30, 2026 and year ended December 31, 2025, the following transactions took place involving shareholders' equity:

- a. In connection with the acquisition of RIV Capital, on December 18, 2024, the day immediately prior to closing, the Company issued 153,069,395 non-voting Fluent exchangeable shares (the "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 represented a newly created class of non-voting shares of the Company, and were convertible into common shares of Fluent on a one-for-one basis. As the Fluent Exchangeable Shares were convertible into a fixed number of the Company's common shares, the fixed-for-fixed criteria is met, and the Fluent Exchangeable Shares were 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.

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 as of the conversion date.

- b. 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 fiscal 2024, resulting in an increase in share-based compensation reserve of \$117, which was accrued as of December 31, 2024. Such common shares of the Company were issued at fair value, being the trading price of the common shares on the CSE 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.

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements**

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

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- c. 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.
- d. 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.

On June 12, 2026, 210,000 employee restriction 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.

- e. 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 Interim Chief Executive Officer, in connection with his employment agreement with the Company.

**Share capital**

The Company is authorized to issue an unlimited number of common shares, each with no par value. As of June 30, 2026, the share capital of the Company is comprised of 613,471,139 common shares, 2,450,188 proportionate voting shares (each proportionate voting share is convertible into ten common shares), and 15,598,375 stock options. 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 period 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 three and six months ended June 30, 2026 and 2025, respectively, earnings per share from continuing operations for those periods was calculated using the basic number of outstanding shares.

**Fluent Corp.**
**Notes to the Condensed Interim Consolidated Financial Statements**
*(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

|                                                    | Three months ended June 30, |                    | Six months ended June 30, |                    |
|----------------------------------------------------|-----------------------------|--------------------|---------------------------|--------------------|
|                                                    | 2026                        | 2025               | 2026                      | 2025               |
| Weighted average number of shares - basic          | 637,798,019                 | 474,946,760        | 637,780,519               | 473,626,849        |
| Weighted average warrants                          | -                           | -                  | -                         | -                  |
| Weighted average convertible debt                  | 37,722,876                  | 31,396,370         | 37,064,980                | 31,396,370         |
| Weighted average options                           | -                           | -                  | -                         | -                  |
| Weighted average restricted stock units            | 175,000                     | 5,160,956          | 192,500                   | 5,178,363          |
| Weighted average exchangeable shares               | -                           | 153,069,395        | -                         | 153,069,395        |
| <b>Weighted average number of shares - diluted</b> | <b>675,695,895</b>          | <b>664,573,481</b> | <b>675,037,999</b>        | <b>663,270,977</b> |

During the six months ended June 30, 2026, 15,000,000 common share warrants expired unexercised (year ended December 31, 2025 – 12,500,000 common share warrants expired unexercised).

Restricted stock unit activity for the six months ended June 30, 2026 and year ended December 31, 2025 is as follows:

|                                                 | June 30,<br>2026 | December 31,<br>2025 |
|-------------------------------------------------|------------------|----------------------|
| Outstanding at beginning of period              | 210,000          | 5,220,770            |
| Granted during the period                       | -                | -                    |
| Forfeited during the period                     | -                | (500,647)            |
| Redeemed during the period <sup>(1)</sup>       | (210,000)        | (4,510,123)          |
| <b>Outstanding at end of period</b>             | <b>-</b>         | <b>210,000</b>       |
| <b>Outstanding RSUs vested at end of period</b> | <b>-</b>         | <b>-</b>             |

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

Stock option activity for the six months ended June 30, 2026 and year ended December 31, 2025 is summarized below:

|                                                |                   | W.A. Exercise<br>Price |
|------------------------------------------------|-------------------|------------------------|
| <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)       | 0.17                   |
| <b>Outstanding as of December 31, 2025</b>     | <b>21,874,875</b> | <b>\$ 0.12</b>         |
| Granted                                        | -                 | -                      |
| Forfeited                                      | (2,272,425)       | 0.05                   |
| Expired                                        | (4,004,075)       | 0.33                   |
| <b>Outstanding as of June 30, 2026</b>         | <b>15,598,375</b> | <b>\$ 0.07</b>         |
| <b>Options exercisable as of June 30, 2026</b> | <b>1,350,750</b>  | <b>\$ 0.33</b>         |

**18. Expense by nature**

General and administrative expenses from continuing operations for the three and six months ended June 30, 2026 and 2025 are as follows:

**Fluent Corp.**
**Notes to the Condensed Interim Consolidated Financial Statements**
*(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

|                                         | For the three months ended<br>June 30, |                 | For the six months ended<br>June 30, |                 |
|-----------------------------------------|----------------------------------------|-----------------|--------------------------------------|-----------------|
|                                         | 2026                                   | 2025            | 2026                                 | 2025            |
| <b>General and administrative</b>       |                                        |                 |                                      |                 |
| Legal and professional fees             | \$ 3,119                               | \$ 770          | \$ 4,797                             | \$ 1,752        |
| Salaries and benefits                   | 973                                    | 2,154           | 2,040                                | 4,467           |
| Insurance                               | 469                                    | 720             | 1,037                                | 1,257           |
| Facility expense                        | 16                                     | 52              | 21                                   | 240             |
| Travel and entertainment                | 10                                     | 99              | 43                                   | 212             |
| IT and cellular services                | 38                                     | 69              | 96                                   | 299             |
| Payroll processing fees                 | 50                                     | 76              | 114                                  | 198             |
| Other                                   | 79                                     | 171             | 223                                  | 574             |
| <b>Total general and administrative</b> | <b>\$ 4,754</b>                        | <b>\$ 4,111</b> | <b>\$ 8,371</b>                      | <b>\$ 8,999</b> |

Sales and marketing expenses from continuing operations for the three and six months ended June 30, 2026 and 2025 are as follows:

|                                  | For the three months ended<br>June 30, |                 | For the six months ended<br>June 30, |                  |
|----------------------------------|----------------------------------------|-----------------|--------------------------------------|------------------|
|                                  | 2026                                   | 2025            | 2026                                 | 2025             |
| <b>Sales and marketing</b>       |                                        |                 |                                      |                  |
| Salaries and benefits            | \$ 2,697                               | \$ 4,097        | \$ 5,917                             | \$ 8,648         |
| Advertising expenses             | 35                                     | 276             | 71                                   | 532              |
| Facility expense                 | 1,056                                  | 1,369           | 2,093                                | 2,079            |
| Legal and professional fees      | -                                      | 3               | -                                    | 3                |
| IT and cellular services         | 261                                    | 266             | 620                                  | 403              |
| Travel and entertainment         | 49                                     | 34              | 75                                   | 76               |
| Other                            | (139)                                  | (159)           | (284)                                | (94)             |
| <b>Total sales and marketing</b> | <b>\$ 3,959</b>                        | <b>\$ 5,886</b> | <b>\$ 8,492</b>                      | <b>\$ 11,647</b> |

**19. Commitments and contingencies**
**(a) Commitments**

As at June 30, 2026, the Company had the following obligations on an undiscounted basis:

|                        | < 1 year         | 1 to 3 years      | 3 to 5 years     | > 5 years        | Total             |
|------------------------|------------------|-------------------|------------------|------------------|-------------------|
| Accounts payable       | \$ 10,956        | \$ -              | \$ -             | \$ -             | \$ 10,956         |
| Accrued expenses       | 8,485            | -                 | -                | -                | 8,485             |
| Insurance financing    | 544              | -                 | -                | -                | 544               |
| Notes payable          | 21,542           | 88,287            | 1,573            | -                | 111,402           |
| Lease obligations      | 12,282           | 22,654            | 32,195           | 41,598           | 108,729           |
| Uncertain tax position | -                | 64,653            | -                | -                | 64,653            |
| <b>Total</b>           | <b>\$ 53,809</b> | <b>\$ 175,594</b> | <b>\$ 33,768</b> | <b>\$ 41,598</b> | <b>\$ 304,769</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 14 as the timing of these payments is uncertain as at June 30, 2026.

*Special License Fee*

As discussed in Note 14, 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.

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)***(b) Contingencies**

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as of June 30, 2026, 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 June 30, 2026, 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 condensed interim consolidated financial statements.

**20. 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 six months ended June 30, 2026 and 2025, key management personnel compensation consisted of the following:

|                                                            | For the three months ended |        | For the six months ended |          |
|------------------------------------------------------------|----------------------------|--------|--------------------------|----------|
|                                                            | June 30,                   |        | June 30,                 |          |
|                                                            | 2026                       | 2025   | 2026                     | 2025     |
| Salary                                                     | \$ 354                     | \$ 702 | \$ 672                   | \$ 1,413 |
| Option-based compensation                                  | 51                         | (7)    | 102                      | (6)      |
| Share-based compensation (including RSUs)                  | 5                          | 152    | 7                        | 167      |
| All other compensation (including cash-settled Board fees) | 175                        | -      | 355                      | 138      |
| Total                                                      | \$ 585                     | \$ 847 | \$ 1,136                 | \$ 1,712 |

**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 \$373 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 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 a floor share agreement outstanding at the time 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. 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 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 common shares of the Company 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 fiscal 2024, resulting in an increase in share-based compensation reserve of \$117, which was accrued as of December 31, 2024. Such common shares of the Company were issued at fair value, being the trading price of the common shares on the CSE 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. Such common shares of the Company were issued at fair value, being the trading price of the common shares on the CSE 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.

The Company's former CEO is a partner at Robert O. Beasley, P.A. (the "Law Firm") which the Company engaged to represent the Company on various legal matters, including litigation, regulatory and general counsel services during the six months ended June 30, 2025. Services were provided in accordance with normal commercial terms; the Company's former CEO did not participate in the legal services rendered by the Law Firm. During the three months ended June 30, 2025, such period in which the Law Firm was a related party to the Company, the Company recognized legal expenses of \$150 to the Law Firm. The Law Firm is not a related party for the six months ended June 30, 2026.

**21. 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.
- (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 June 30, 2026 and December 31, 2025 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 expected credit losses ("ECLs"). The Company measures the loss allowance for trade accounts receivable using a simplified approach at an amount equal to the lifetime ECLs. As at June 30, 2026, the Company had estimated its provision for credit losses to be \$114 on its trade receivables (December 31, 2025 – \$122).

**(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 June 30, 2026 and December 31, 2025, 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.

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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**(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 2b, as of June 30, 2026, the Company determined that material uncertainty existed that may cast significant doubt around the Company's ability to continue as a going concern. The Company has taken certain strategic measures to mitigate this risk, including entering into a definitive arrangement agreement with Vireo in connection with the Vireo Arrangement and entering into an agreement to dispose of its Texas operations in connection with the Legacy Transaction, both of which the Company expects to improve its liquidity position. See Note 4 for further details.

**(d) Regulatory risk**

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

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

**22. 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:

|                              | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> |
|------------------------------|--------------------------|------------------------------|
| Notes payable                | \$ 77,161                | \$ 68,406                    |
| Shareholders' deficit        | (106,852)                | (80,960)                     |
| <b>Total managed capital</b> | <b>\$ (29,691)</b>       | <b>\$ (12,554)</b>           |

**Fluent Corp.****Notes to the Condensed Interim Consolidated Financial Statements***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

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 \$2,000 at each quarter-end. Management reviews its capital management approach on an ongoing basis.

**23. Finance costs, net**

The Company's finance costs from continuing operations for the three and six months ended June 30, 2026 and 2025 are as follows:

|                               | For the three months ended<br>June, |                 | For the six months ended<br>June 30, |                 |
|-------------------------------|-------------------------------------|-----------------|--------------------------------------|-----------------|
|                               | 2026                                | 2025            | 2026                                 | 2025            |
| Interest income               | \$ (4)                              | \$ (161)        | \$ (11)                              | \$ (395)        |
| Interest expense              | 1,977                               | 2,312           | 3,920                                | 4,576           |
| Accretion costs               | 2,562                               | 975             | 3,741                                | 1,807           |
| Interest on lease liabilities | 1,788                               | 1,977           | 3,622                                | 3,456           |
| Loan fees                     | 326                                 | 463             | 518                                  | 463             |
| <b>Finance costs, net</b>     | <b>\$ 6,649</b>                     | <b>\$ 5,566</b> | <b>\$ 11,790</b>                     | <b>\$ 9,907</b> |

**24. Supplemental cash flow information**

The following table presents supplemental cash flow information for the three and six months ended June 30, 2026 and 2025:

|                   | For the three months ended<br>June 30, |          | For the six months ended<br>June 30, |          |
|-------------------|----------------------------------------|----------|--------------------------------------|----------|
|                   | 2026                                   | 2025     | 2026                                 | 2025     |
| Income taxes paid | \$ -                                   | \$ 1,551 | \$ -                                 | \$ 2,926 |
| Interest paid     | \$ 1,952                               | \$ 2,312 | \$ 3,985                             | \$ 4,594 |

**25. Subsequent events**

On July 23, 2026, the Company announced that it entered into a definitive agreement with a third-party operator pursuant to which, among other things, the purchase will acquire Etain LLC, the Company's operating entity in New York (the "NY Transaction"). The Transaction contemplates the sale of Etain LLC's registered organization license in New York, certain of the Company's New York operating assets, and associated leases in New York in exchange for cash consideration, subject to customary purchase price adjustments. Completion of the arm's length Transaction remains subject to closing conditions, including approval of the change of ownership by the New York State Cannabis Control Board.

On July 28, 2026, the Company announced that at the Company's annual general and special meeting of shareholders held on July 28, 2026, shareholders of the Company approved a special resolution authorizing the Vireo Arrangement.

On August 4, 2026, the Company received a final order from the Ontario Superior Court of Justice approving the Vireo Arrangement.