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**1CM INC.**  
**Condensed Interim Consolidated Financial Statements**  
**For the Three and Six Months Ended February 28, 2026 and 2025**  
(Unaudited - Expressed in Canadian Dollars)

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# 1CM INC.

## Table of Contents

Notice to Reader .....	2
Condensed Interim Consolidated Statements of Financial Position .....	3
Condensed Interim Consolidated Statements of Operations and Comprehensive Income .....	4
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity.....	5
Condensed Interim Consolidated Statements of Cash Flows .....	6
Notes to the Condensed Interim Consolidated Financial Statements .....	7

## **Notice to Reader Issued by Management**

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice to this effect. The accompanying unaudited condensed interim consolidated financial statements have been prepared and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of the unaudited condensed interim consolidated financial statements.

**April 29, 2026**

# 1CM INC.

Condensed Interim Consolidated Statements of Financial Position  
As at February 28, 2026 and August 31, 2025  
(Unaudited - Amounts Expressed in Canadian Dollars)

	February 28, 2026 \$	August 31, 2025 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash	6,748,348	5,479,746
Short-term investments (Note 3)	2,721,951	669,799
Accounts receivable and other receivables	1,262,171	626,090
Inventories (Note 5)	1,187,394	1,240,042
Prepaid expenses and deposits (Note 16)	647,160	762,935
Assets held for sale (Note 15)	24,146,999	25,925,910
<b>Total Current Assets</b>	<b>36,714,023</b>	<b>34,704,522</b>
Investment	25,000	25,000
Goodwill and intangibles (Note 6)	4,569,575	4,653,600
Right-of-use assets (Note 7)	1,383,779	1,465,684
Property, plant and equipment (Note 8)	1,406,575	1,009,214
<b>Total Assets</b>	<b>44,098,952</b>	<b>41,858,020</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	2,050,820	1,647,006
Sales tax payable	1,509,591	1,293,944
Income tax payable	1,349,475	834,475
Bridge loan (Note 9)	-	1,828,987
Current portion of lease liabilities (Note 7)	93,176	83,601
Liabilities associated with assets held for sale (Note 15)	3,734,210	5,266,056
<b>Total Current Liabilities</b>	<b>8,737,272</b>	<b>10,954,069</b>
Deferred tax liabilities	506,141	528,408
Lease liabilities (Note 7)	1,459,318	1,508,102
<b>Total Liabilities</b>	<b>10,702,731</b>	<b>12,990,579</b>
<b>Shareholders' Equity</b>		
Share capital (Note 10(a))	65,946,030	65,946,030
Options reserve (Note 10(b))	2,995,089	2,949,479
Accumulated deficit	(35,544,898)	(40,028,068)
<b>Total shareholders' equity</b>	<b>33,396,221</b>	<b>28,867,441</b>
<b>Total liabilities and shareholders' equity</b>	<b>44,098,952</b>	<b>41,858,020</b>

Nature of Business and Going Concern (Note 1), Commitments and Contingencies (Note 16)

Approved on behalf of the Board:

\_\_\_\_\_  
"Lucas Leone", Director  
(signed)

\_\_\_\_\_  
"Tanvi Bhandari", Director  
(signed)

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

# 1CM INC.

## Condensed Interim Consolidated Statements of Operations and Comprehensive Income For the Three and Six Months Ended February 28, 2026 and 2025 (Unaudited - Amounts Expressed in Canadian Dollars)

	Three Months Ended February 28, 2026	Three Months Ended February 28, 2025	Six Months Ended February 28, 2026	Six Months Ended February 28, 2025
	\$	\$	\$	\$
<b>Revenue</b>				
Sales (Note 14)	17,837,466	17,802,100	37,030,790	35,357,319
Cost of sales (Note 5, 14)	14,331,562	14,194,121	29,414,476	28,060,311
<b>Gross profit</b>	<b>3,505,904</b>	<b>3,607,979</b>	<b>7,616,314</b>	<b>7,297,008</b>
<b>Expenses</b>				
Salaries, wages and consulting fees (Note 13)	1,859,844	1,820,086	3,558,334	3,374,001
Office and general	403,272	366,194	994,652	987,349
Professional fees	427,540	177,642	1,021,147	354,036
Operational and utilities	305,268	299,613	440,012	506,514
Interest on lease liabilities (Note 7)	162,934	163,127	355,905	325,004
Share-based compensation (Note 10(b))	(139,449)	163,153	45,610	369,913
Amortization of right-of-use assets (Note 7)	40,953	164,491	81,905	307,009
Amortization of intangible assets (Note 6)	42,012	124,469	84,025	248,938
Depreciation (Note 8)	41,595	65,061	78,735	125,457
Interest expense (Note 9)	3,405	29,887	24,068	63,015
Investors relations and fees	28,839	14,759	48,275	39,791
Unrealized gain on investments	(52,152)	-	(52,152)	-
Gain on sale of assets (Note 15)	(4,040,105)	-	(4,040,105)	-
<b>Total expenses</b>	<b>(916,044)</b>	<b>3,388,482</b>	<b>2,640,411</b>	<b>6,701,027</b>
<b>Income before income tax recovery (expense)</b>	<b>4,421,948</b>	<b>219,497</b>	<b>4,975,903</b>	<b>595,981</b>
Current income tax expense	(515,000)	-	(515,000)	-
Deferred tax recovery	11,134	18,395	22,267	49,755
<b>Net income and comprehensive income</b>	<b>3,918,082</b>	<b>237,892</b>	<b>4,483,170</b>	<b>645,736</b>
<b>Weighted average number of common shares outstanding – basic and</b>	<b>117,736,935</b>	<b>117,736,935</b>	<b>117,736,935</b>	<b>117,736,935</b>
<b>Basic and diluted earnings per share (Note 12)</b>	<b>0.03</b>	<b>0.00</b>	<b>0.04</b>	<b>0.01</b>

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

## 1CM INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
For the Six Months Ended February 28, 2026 and 2025  
(Unaudited - Amounts Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Options Reserve	Accumulated Deficit	Total Shareholders' Equity
<b>Balance, August 31, 2024</b>	117,736,935	\$ 65,946,030	\$ 2,292,580	\$ (40,512,917)	\$ 27,725,693
Vesting of stock options <i>(Note 10(b))</i>	-	-	369,913	-	369,913
Net income and comprehensive income	-	-	-	645,736	645,736
<b>Balance, February 28, 2025</b>	117,736,935	\$ 65,946,030	\$ 2,662,493	\$ (39,867,181)	\$ 28,741,342
<b>Balance, August 31, 2025</b>	117,736,935	\$ 65,946,030	\$ 2,949,479	\$ (40,028,068)	\$ 28,867,441
Vesting of stock options <i>(Note 10(b))</i>	-	-	45,610	-	45,610
Net income and comprehensive income	-	-	-	4,483,170	4,483,170
<b>Balance, February 28, 2026</b>	117,736,935	\$ 65,946,030	\$ 2,995,089	\$ (35,544,898)	\$ 33,396,221

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

# 1CM INC.

Condensed Interim Consolidated Statements of Cash Flows  
For the Six Months Ended February 28, 2026 and 2025  
(Unaudited - Amounts Expressed in Canadian Dollars)

	February 28, 2026 \$	February 28, 2025 \$
<b>Cash flows from (used in) operating activities</b>		
Net income	4,483,170	645,736
Add-back (deduct) non-cash items		
Interest on lease liability (Note 7)	355,905	325,004
Share-based compensation (Note 10(b))	45,610	369,913
Amortization of right-of-use assets (Note 7)	81,905	307,009
Amortization of intangible assets (Note 6)	84,025	248,938
Depreciation (Note 8)	78,735	125,457
Gain on sale of assets (Note 15)	(4,040,105)	-
Interest expense (Note 9)	24,068	63,015
Unrealized gain on investments	(52,152)	-
Deferred tax recovery	(22,267)	(49,755)
Changes in non-cash working capital:		
Accounts receivables and other receivables	(636,081)	(220,544)
Prepaid expenses and deposits	115,775	(125,468)
Sales tax payable	215,647	215,929
Inventories	52,648	41,968
Accounts payable and accrued liabilities	376,594	(495,665)
<b>Cash flows from operating activities</b>	<b>1,163,477</b>	<b>1,451,537</b>
<b>Cash flows from (used in) financing activities</b>		
Payments of lease liabilities	(565,724)	(507,318)
Repayments of long-term debt (Note 9)	(1,853,055)	(500,000)
<b>Cash flows used in financing activities</b>	<b>(2,418,779)</b>	<b>(1,007,318)</b>
<b>Cash flows from (used in) investing activities</b>		
Proceeds from sale of assets (Note 15)	5,000,000	-
Purchases of marketable securities	(2,000,000)	-
Additions to intangible assets	-	(202,000)
Additions to property, plant and equipment, net	(476,096)	(152,950)
<b>Cash flows from (used in) investing activities</b>	<b>2,523,904</b>	<b>(354,950)</b>
<b>Increase in cash</b>	<b>1,268,602</b>	<b>89,269</b>
<b>Cash, beginning of period</b>	<b>5,479,746</b>	<b>4,968,699</b>
<b>Cash, end of period</b>	<b>6,748,348</b>	<b>5,057,968</b>

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

# 1CM INC.

## Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended February 28, 2026 and 2025 (Unaudited - Amounts Expressed in Canadian Dollars)

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### 1. NATURE OF BUSINESS AND GOING CONCERN

#### Nature of Business

1CM Inc. (the "Company") is a multi-jurisdictional cannabis company, focused on becoming a leader in the cannabis and other complementary and substitutable retail industries including liquor. The Company is focused on expanding its current operations through organic growth and by way of merger and acquisition transactions. The Company's current operations are located in Canada.

The Company is a publicly traded company incorporated and domiciled in Canada. The Company's registered office is 625 Cochrane Drive, Suite 802, Markham, ON L3R 9R9. The Company's common shares are listed on the Canadian Securities Exchange (CSE) under the symbol "EPIC," on the OTCQB Venture Market under the symbol "MILFF," and on the Frankfurt Stock Exchange under the symbol "IQ70."

1CM does not engage in any U.S. cannabis-related activities as defined by the Canadian Securities Administrators Staff Notice 51-352.

#### Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

For the three and six months ended February 28, 2026, the Company reported net income of \$3,918,082 and \$4,483,170, respectively (February 28, 2025 - \$237,892 and \$645,736, respectively) and as at February 28, 2026, the Company had an accumulated deficit of \$35,544,898 (August 31, 2025 - \$40,028,068) and working capital surplus of \$27,976,751 (August 31, 2025 - \$23,750,453). Management believes the Company has sufficient liquidity from existing working capital and expected cash flows from operations to fund operations for at least twelve months from the date of authorization of these condensed interim consolidated financial statements. Additional sources of funding will be required to carry on operations and/or to realize on investment opportunities. The Company's future operations are dependent upon its ability to secure additional funds and to become cash flow positive. While the Company is striving to achieve these plans, there is no assurance that these and other strategies will be realized, or such sources of funds will be available or obtained on favourable terms or obtained at all. Historically, the Company has obtained funding from the issuance of common shares, proceeds from the exercise of share purchase warrants, and through issuances of short-term and long-term debt, however, there can be no assurances that the Company will be able to continuously achieve this. These conditions raise material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the condensed interim consolidated statements of financial position classifications used. Such adjustments could be material.

### 2. MATERIAL ACCOUNTING POLICIES

#### (a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with *International Accounting Standards* ("IAS") 34 - Interim Financial Reporting, prepared using accounting policies consistent with IFRS Accounting Standards as issued by the *International Accounting Standards Board* ("IASB"). These condensed interim consolidated financial statements do not include all of the information required for full annual consolidated financial statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on April 29, 2026.

#### (b) Basis of presentation and consolidation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments carried at fair value. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's subsidiaries are listed in Note 11.

# 1CM INC.

## Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended February 28, 2026 and 2025 (Unaudited - Amounts Expressed in Canadian Dollars)

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### 2. MATERIAL ACCOUNTING POLICIES (continued)

#### (c) Functional and presentation currency

The condensed interim consolidated financial statements of the Company are presented in Canadian dollars. The functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate prevailing at the consolidated statements of financial position date. Exchange gains and losses on settlement of transactions, and the translation of monetary assets and liabilities other than in functional currency are recorded in the consolidated statements of operations and comprehensive income.

#### (d) Significant accounting estimates, judgements, and assumptions

The preparation of the Company's consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. The following are the key estimate and assumption uncertainties:

##### Valuation of inventories

All inventories are reviewed for impairment for any slow-moving, obsolete, and redundant inventory. The provision for obsolete, slow moving and redundant inventories are recognized in the consolidated statements of operations and comprehensive income. Previous write downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventories.

##### Warrants and stock options

Warrants and stock options are initially valued at fair value, based on the application of the Black-Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the volatility of the share price, expected dividend yield, expected life of the share purchase warrant or stock option and risk-free interest rate.

##### Carrying values of tangible assets

The Company assesses the carrying value of its tangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current net income (loss) as an impairment expense. Recoverability is dependent upon assumptions and judgements regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, and future cash flows. Depreciation is dependent upon estimates of useful lives and the residual values. These are determined through the exercise of judgement and are dependent upon estimates that consider factors such as economic and market conditions, frequency of use, anticipated changes in laws, and technological estimates. Management reviews the useful lives for tangible assets at the end of each reporting period based on expected utility with changes in such estimates accounted prospectively. A material change in the assumptions may significantly impact the potential impairment of these assets.

##### Carrying values of goodwill and other intangible assets

The values associated with goodwill and other intangible assets involve significant estimates and assumptions, including those with respect to the determination of cash generating units ("CGUs"), future cash inflows and outflows, discount rates and useful asset lives. At least annually, the carrying amount of goodwill and other intangible assets are reviewed for potential impairment. Among other things, this review considers the recoverable amounts of the CGUs based on the higher of value in use or fair value less costs of disposal using discounted estimated future cash flows. Further, the determination of an intangible asset having a definite or an indefinite useful life, and if determined to be a definite life intangible asset, amortization based on the useful life, which are reviewed at each reporting period based on the expected utility of the asset, with changes in such estimates accounted prospectively. These significant estimates require considerable judgment which could affect the Company's future results if the current estimates of future performance and fair value change.

# 1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended February 28, 2026 and 2025  
(Unaudited - Amounts Expressed in Canadian Dollars)

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## 2. MATERIAL ACCOUNTING POLICIES (continued)

### (d) Significant accounting estimates, judgements, and assumptions (continued)

#### Deferred tax assets

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. The Company recognizes deferred tax assets only to the extent that it considers it probable that those assets will be recoverable. The Company makes assumptions about when deferred tax assets are probable to reverse, the extent to which it is probable that temporary differences will reverse and whether or not there will be sufficient taxable profits available to realize the tax assets when they do reverse. In making these judgments, the Company continually evaluates the magnitude and duration of any past losses, current profitability and whether it is sustainable, and earnings forecasts. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to consider certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

#### Share-based payments

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

#### Income taxes

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate based on facts known at the reporting date. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. When the Company anticipates a future income tax payment based on its estimates, it recognizes a deferred tax liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

#### Functional presentation and currency

In determining the functional currency of the parent and its subsidiary, the Company considers the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction the Company's subsidiaries operate in. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

#### Business combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition. In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

# 1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended February 28, 2026 and 2025  
(Unaudited - Amounts Expressed in Canadian Dollars)

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## 2. MATERIAL ACCOUNTING POLICIES (continued)

### (d) Significant accounting estimates, judgements, and assumptions (continued)

#### Assets held for sale and discontinued operations

The Company applies significant judgement in determining whether assets and disposal groups meet the criteria for classification as held for sale under IFRS 5. This includes assessing whether a sale is highly probable and expected to complete within 12 months from classification. The Company considers whether events or circumstances subsequent to initial classification affect the assessment of whether the sale remains highly probable and is expected to complete within the required timeframe. The Company also applies judgement in allocating assets and liabilities to the disposal group, including the allocation of goodwill, intangible assets, property, plant, and equipment, right-of-use assets, lease liabilities, and other balances based on store-level records.

The disposal group is measured at the lower of carrying amount and fair value less costs to sell. The determination of fair value requires judgement, including the assessment of whether the negotiated purchase price in an arm's length transaction represents fair value, consideration of any purchase price adjustments, and whether any changes in circumstances since initial classification affect the fair value assessment. Costs to sell are estimated based on expected legal, advisory, and regulatory costs to complete the transaction and require judgement as to the nature and extent of costs directly attributable to the disposal. The Company performs this assessment at each reporting date to determine if any impairment loss should be recognized or reversed.

The Company also applies significant judgement in assessing whether a disposal group qualifies for presentation as a discontinued operation under IFRS 5. A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and represents a separate major line of business or geographical area of operations. This assessment requires consideration of management's strategic intent following the disposal, whether the Company will continue to operate in the same line of business, the nature and extent of the remaining operations, and whether the disposal represents a withdrawal from a separate major line of business or geographical area of operations.

Assumptions and conclusions related to assets held for sale and discontinued operations are disclosed in Note 15.

#### Going concern assumption

Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. Management's assessment is based on the evaluation of the Company's current financial position, positive cash-flow and net income for the year, forecasted cash flows, and access to financing, as well as other relevant considerations, as disclosed in Note 1.

#### Contingencies

Due to the nature of the Company's operations, various legal matters can arise from time to time in the normal course of business. Management assesses its contingencies based upon the best information available at the end of each reporting period. In the event that management's estimate of the future resolution of these matters' changes, the Company will recognize the effects of the changes in its consolidated financial statements for the period in which such changes occur.

## 3. SHORT-TERM INVESTMENTS

The Company holds investments with an aggregate fair value of \$2,721,951 at February 28, 2026, comprising equity index exchange-traded funds, a high-interest savings account, and structured notes issued by a Canadian Schedule I bank with returns linked to underlying equity indices. The investments are redeemable by the Company at any time at prevailing market prices, without significant penalty.

The investments are measured at fair value through profit or loss. The contractual cash flows of the structured notes do not meet the sole payments of principal and interest criteria under IFRS 9. The fair value of the publicly-traded equity index funds is determined using quoted prices in active markets and is classified as Level 1 in the fair value hierarchy. The fair value of the structured notes is determined using valuations provided by the issuer and is classified as Level 2 in the fair value hierarchy.

One of the structured notes is held in conjunction with a corresponding discount note issued by the Company to the same issuer, which together form a single linked transaction. The arrangement has been recognized as a single hybrid financial instrument, reflecting the Company's net economic position in the linked instruments.

# 1CM INC.

## Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended February 28, 2026 and 2025 (Unaudited - Amounts Expressed in Canadian Dollars)

### 4. FINANCIAL INSTRUMENT RISK FACTORS

The Company's risk exposure and the impact on its financial instruments are summarized below:

#### Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment or contractual obligations. The Company has deposited its cash with reputable Canadian financial institutions, from which management believes the risk of loss is minimal. The Company's maximum exposure to credit risk as at February 28, 2026 is \$1,262,171 (August 31, 2025 - \$626,090) related to accounts receivable and other receivables.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at February 28, 2026, the Company had working capital of \$27,976,751 and management believes liquidity is sufficient to meet obligations as they fall due. However, there is substantial doubt about the Company's ability to continue as a going concern primarily due to its history of losses (Note 1). Liquidity risk continues to be a key concern in the development of future operations.

#### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

#### 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 interest rate on the Company's Bridge Loan (Note 9) is fixed and is not currently subject to any significant interest rate risk.

#### Other Price Risk

The Company is exposed to other price risk through its investments in equity index funds and structured notes with returns linked to underlying equity indices (Note 3). Changes in the value of the underlying indices will affect the fair value and ultimate return on these investments.

The Company's Structured Leverage Note provides leveraged participation in the positive return of a Canadian large-cap equity index, with the result that the Company's economic exposure to changes in the reference index is greater than the carrying amount of the investment.

As at February 28, 2026, a 10% change in the levels of the underlying reference indices, with all other variables held constant, would result in an estimated change in the fair value of the Company's investments of approximately \$400,000. The sensitivity of the Structured Leverage Note is non-linear and asymmetric due to the embedded principal protection feature and the leveraged participation in the reference index.

### 5. INVENTORIES

As at February 28, 2026 and August 31, 2025, the components of the Company's inventories are as follows:

	February 28, 2026	August 31, 2025
Accessories	\$ 200,117	\$ 233,753
Finished goods	4,337,252	4,400,631
Reclassified to held for sale (Note 15)	(3,349,975)	(3,394,342)
<b>Total inventory</b>	<b>\$ 1,187,394</b>	<b>\$ 1,240,042</b>

Inventories recognized as an expense, included in cost of sales, during the three and six months ended February 28, 2026 amounted to \$14,331,562 and \$29,414,476, respectively, (February 28, 2025 - \$14,194,121 and \$28,060,311), as presented on the condensed interim consolidated statements of operations and comprehensive income.

# 1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended February 28, 2026 and 2025  
(Unaudited - Amounts Expressed in Canadian Dollars)

## 6. GOODWILL AND INTANGIBLES

The Company's goodwill and intangible assets were comprised of the following:

	Licenses	Technology Platform	Trade Name	Retail Permits	Goodwill	Total goodwill and intangibles
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
<b>As at August 31, 2024</b>	<b>335,250</b>	<b>505,000</b>	<b>3,298,257</b>	<b>2,598,400</b>	<b>14,735,751</b>	<b>21,472,658</b>
Additions during the year	-	-	-	1,702,200	-	1,702,200
Reclassified to held for sale (Note 15)	-	-	(3,298,257)	-	(14,735,751)	(18,034,008)
<b>As at August 31, 2025</b>	<b>335,250</b>	<b>505,000</b>	<b>-</b>	<b>4,300,600</b>	<b>-</b>	<b>5,140,850</b>
<b>As at February 28, 2026</b>	<b>335,250</b>	<b>505,000</b>	<b>-</b>	<b>4,300,600</b>	<b>-</b>	<b>5,140,850</b>
<b>Accumulated Amortization</b>						
<b>As at August 31, 2024</b>	<b>117,200</b>	<b>202,000</b>	<b>659,652</b>	<b>-</b>	<b>-</b>	<b>978,852</b>
Amortization during the year	67,050	101,000	262,957	-	-	431,007
Reclassified to held for sale (Note 15)	-	-	(922,609)	-	-	(922,609)
<b>As at August 31, 2025</b>	<b>184,250</b>	<b>303,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>487,250</b>
Amortization during the period	33,525	50,500	-	-	-	84,025
<b>As at February 28, 2026</b>	<b>217,775</b>	<b>353,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>571,275</b>
<b>Net Book Value</b>						
As at August 31, 2024	218,050	303,000	2,638,605	2,598,400	14,735,751	20,493,806
As at August 31, 2025	151,000	202,000	-	4,300,600	-	4,653,600
<b>As at February 28, 2026</b>	<b>117,475</b>	<b>151,500</b>	<b>-</b>	<b>4,300,600</b>	<b>-</b>	<b>4,569,575</b>

### Intangible Assets

#### Licenses

The Company holds cannabis retail licenses in British Columbia, Canada acquired for \$335,250. These licenses are intangible assets with a definite life and are amortized straight-line over their useful life of five years. The carrying value of these licenses amounted to \$117,475 as at February 28, 2026 (August 31, 2025 – \$151,000).

#### Technology Platform

The Company's technology platform is a definite life intangible asset and is being amortized straight-line over a five-year period which reflects the useful life of the asset. The carrying value of the technology platform amounted to \$151,500 as at February 28, 2026 (August 31, 2025 – \$202,000).

#### Trade name

The Company's trade name is in relation to a previous acquisition of Tirthankar Limited. The trade name was determined to be a definite life intangible asset and is being amortized straight-line over a ten-year period, which reflects the useful life of the asset. Amortization ceased on June 18, 2025 upon classification as held for sale (Note 15).

During the three and six months ended February 28, 2026, the amortization on intangible assets amounted to \$42,012 and \$84,025, respectively (February 28, 2025 – \$124,469 and \$248,938, respectively).

# 1CM INC.

## Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended February 28, 2026 and 2025 (Unaudited - Amounts Expressed in Canadian Dollars)

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### 6. GOODWILL AND INTANGIBLES (continued)

#### *Liquor Permits*

The Company's retail permits are comprised of acquired retail liquor permits, as noted below:

During the three and six months ended February 28, 2026, the Company had no retail liquor permit additions.

During the year ended August 31, 2025, the Company had the following retail liquor permit additions:

- a retail liquor permit in Assiniboia, Saskatchewan, for an aggregate purchase price of \$202,000 (the "Assiniboia Liquor Permit") (Note 16). The Assiniboia Liquor Permit prepaid balance amounted to \$151,500 as at August 31, 2024 which was transferred to intangible assets during the year ended August 31, 2025.
- a retail liquor permit in Regina, Saskatchewan, for an aggregate purchase price of \$1,500,200 (the "Regina Liquor Permit") (Note 16). The Regina Liquor Permit prepaid balance amounted to \$1,500,200 as at August 31, 2024 which was transferred to intangible assets during the year ended August 31, 2025.

During the year ended August 31, 2024, the Company had the following retail liquor permit additions:

- a retail liquor permit in Watrous, Saskatchewan, for an aggregate purchase price of \$724,500 (the "Watrous Liquor Permit"). The Watrous Liquor Permit prepaid balance amounted to \$181,125 as at August 31, 2023 (Note 16) which was transferred to intangible assets during the year ended August 31, 2024; and
- a retail liquor permit in Saskatoon, Saskatchewan, for an aggregate purchase price of \$1,255,800 (the "Saskatoon Liquor Permit"). The Saskatoon Liquor Permit prepaid balance amounted to \$313,950 as at August 31, 2023 (Note 16) which was transferred to intangible assets during the year ended August 31, 2024.

These retail liquor permits were determined to have indefinite lives and are not amortized. The Company performs an annual impairment test on these retail liquor permits by comparing the carrying amount to the recoverable amount of the CGU calculated using the value-in-use approach. The Company aggregated the retail liquor permits as a single CGU for the purposes of this testing. The key assumptions used for the value in use approach was the five-year discounted cash flow model with a terminal value applied, which included various significant unobservable inputs.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy are subject to volatility and several uncontrollable factors which would significantly affect the present value of the discounted cash flows, were used by management as part of this model. The following assumptions were used during the year ended August 31, 2025:

- i. Revenue growth rates of 56% in year 1, as a result of new stores opened, declining to 5% in year 5 and a terminal growth rate of 2%, represents the ability of the Company to generate revenue, based on past performance and its expectation of future performance;
- ii. Cost of sales percentage commencing at 85% and declining evenly to 80% – calculated as a percentage of revenue, based on past results and its expectation of future results;
- iii. Weighted average cost of capital of 15.25% – calculated as weighted average cost of the Company's cost of equity and cost of debt; and
- iv. Earnings before interest, taxes, depreciation and amortization rate between 5.6% - 9.6% – calculated as projected gross profit less projected total operating expenses.

There was no impairment recorded in relation to these retail liquor permits during the three and six months ended February 28, 2026 and 2025.

#### *Goodwill*

The Company's goodwill is in relation to the acquisition of Tirthankar Limited during the year ended August 31, 2022 in the amount of \$14,735,751. On June 18, 2025, goodwill was reclassified to assets held for sale (Note 15) and is measured at the lower of carrying amount and fair value less costs to sell.

There was no impairment recorded in relation to the goodwill during the three and six months ended February 28, 2026 and 2025.

# 1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended February 28, 2026 and 2025  
(Unaudited - Amounts Expressed in Canadian Dollars)

## 7. LEASES

### Right-of-use Assets

The Company's right-of-use assets were comprised of the following:

<b>As at August 31, 2024</b>	<b>\$ 5,281,918</b>
Additions	1,771,367
Disposals	(181,721)
Depreciation	(612,383)
Reclassified to held for sale (Note 15)	(4,793,497)
<b>As at August 31, 2025</b>	<b>\$ 1,465,684</b>
Depreciation	(81,905)
<b>As at February 28, 2026</b>	<b>\$ 1,383,779</b>

### Lease Liabilities

The following is a reconciliation of the Company's lease liabilities as at February 28, 2026 and August 31, 2025:

	February 28, 2026	August 31, 2025
Opening balance	\$ 1,591,703	\$ 5,673,716
Additions	-	1,771,367
Disposals	-	(231,804)
Interest expense	355,905	714,726
Lease payments	(565,724)	(1,070,246)
Change in liabilities associated with assets held for sale	170,610	(5,266,056)
<b>Closing balance</b>	<b>\$ 1,552,494</b>	<b>\$ 1,591,703</b>
Less: current portion	93,176	83,601
<b>Non-current portion</b>	<b>\$ 1,459,318</b>	<b>\$ 1,508,102</b>

As at February 28, 2026, the following table presents the contractual undiscounted cash flows for lease obligations

Less than or equal to one year	\$ 276,115
Greater than one year and less than five years	\$ 1,102,908
Greater than five years	\$ 1,543,683

# 1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended February 28, 2026 and 2025  
(Unaudited - Amounts Expressed in Canadian Dollars)

## 8. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment was comprised of the following:

	Land and Building \$	Machinery Equipment \$	Furniture and Fixtures \$	Vehicle \$	Total \$
<b>Cost</b>					
<b>As at August 31, 2024</b>	<b>2,058,989</b>	<b>268,512</b>	<b>141,129</b>	<b>26,482</b>	<b>2,495,112</b>
Additions	85,101	78,461	36,542	-	200,104
Disposals	(428,415)	-	-	-	(428,415)
Reclassified to held for sale (Note 15)	(663,766)	(327,417)	(125,974)	-	(1,117,157)
<b>As at August 31, 2025</b>	<b>1,051,909</b>	<b>19,556</b>	<b>51,697</b>	<b>26,482</b>	<b>1,149,644</b>
Additions	427,207	-	48,889	-	476,096
<b>As at February 28, 2026</b>	<b>1,479,116</b>	<b>19,556</b>	<b>100,586</b>	<b>26,482</b>	<b>1,625,740</b>
<b>Accumulated Depreciation</b>					
<b>As at August 31, 2024</b>	<b>230,871</b>	<b>110,243</b>	<b>54,060</b>	<b>15,889</b>	<b>411,063</b>
Depreciation for the year	160,087	59,251	31,602	3,178	254,118
Disposals	(34,266)	-	-	-	(34,266)
Reclassified to held for sale (Note 15)	(263,843)	(165,905)	(60,737)	-	(490,485)
<b>As at August 31, 2025</b>	<b>92,849</b>	<b>3,589</b>	<b>24,925</b>	<b>19,067</b>	<b>140,430</b>
Depreciation for the period	73,956	-	3,667	1,112	78,735
<b>As at February 28, 2026</b>	<b>166,805</b>	<b>3,589</b>	<b>28,592</b>	<b>20,179</b>	<b>219,165</b>
<b>Net Book Value</b>					
As at August 31, 2024	1,828,118	158,269	87,069	10,593	2,084,049
As at August 31, 2025	959,060	15,967	26,772	7,415	1,009,214
<b>As at February 28, 2026</b>	<b>1,312,311</b>	<b>15,967</b>	<b>71,994</b>	<b>6,303</b>	<b>1,406,575</b>

During the year ended August 31, 2025, the Company disposed of certain property, plant and equipment and recorded a loss on sale of asset in the amount of \$101,590 in the consolidated statements of operations and comprehensive income. There were no disposals or impairment recorded during the three and six months ended February 28, 2026.

## 9. BRIDGE LOAN

The Company has an unsecured bridge loan from a shareholder bearing interest at 10% per annum, due on demand (the "Bridge Loan"). The Bridge Loan was discounted on initial recognition at an effective rate of 16% per annum, with the resulting discount recognized in equity as a shareholder contribution during the year ended August 31, 2022.

	February 28, 2026	August 31, 2025
Opening balance	1,828,987	2,172,302
Interest expense	24,068	105,343
Accretion expense	-	51,342
Payments	(1,853,055)	(500,000)
<b>Closing balance</b>	<b>-</b>	<b>1,828,987</b>

On December 18, 2025, the Company repaid its outstanding bridge loan in full.

# 1CM INC.

## Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended February 28, 2026 and 2025 (Unaudited - Amounts Expressed in Canadian Dollars)

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### 10. SHARE CAPITAL AND RESERVES

#### a) Share Capital

##### Authorized:

Unlimited number of common shares.

##### Issued and outstanding:

As at February 28, 2026, 117,736,935 (August 31, 2025 – 117,736,935) common shares were issued and outstanding.

##### Three and Six Months Ended February 28, 2026

- There were no share capital transactions during the three and six months ended February 28, 2026.

##### Fiscal 2025

- There were no share capital transactions during the year ended August 31, 2025.

#### b) Stock options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to qualified directors, officers, employees and consultants of the Company. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued and outstanding common shares.

##### Activity:

Share-based compensation for the three and six months ended February 28, 2026 amounted to a recovery of \$139,449 and an expense of \$45,610, respectively (February 28, 2025 - \$163,153 and \$369,913, respectively). Share-based compensation expense was from the vesting of previously issued stock options, as noted below. During the three months ended February 28, 2026, 311,500 previously issued stock options were forfeited prior to vesting. In accordance with IFRS 2, share-based compensation expense previously recognized on these unvested options was reversed, resulting in a net recovery for the quarter.

On January 9, 2024, the Company granted 2,013,500 stock options to certain employees and consultants of the Company. These options are exercisable at a price of \$1.50 per common share for a period of ten years, vesting three years after issuance. The fair value of the stock options, based on the Black-Scholes valuation model, amounted to \$2,923,637 using the following inputs: 173% volatility, 10-year expected life, 3.23% discount rate, 0% expected dividend. During the year ended August 31, 2025, 180,000 of these issued options were forfeited. These stock options were issued to arms' length parties. During the year ended August 31, 2024, 298,500 of these issued stock options were forfeited. Accordingly, the stock-based compensation expense is reflected net of these forfeitures.

On June 3, 2022, the Company granted 1,000,000 stock options to an officer of the Company at an exercise price of \$0.95 per share. The options vest according to the following schedule: the first 50% of the options to vest on June 3, 2023, and expire on June 3, 2025. The fair value of the options was determined at \$340,100 using 111% volatility, 3-year expected life, 2.91% discount rate, 0% expected dividend. The remaining 50% to vest on June 3, 2024, and expire on June 3, 2026. The fair value of the options was determined at \$382,900 using 116% volatility, 4-year expected life, 2.94% discount rate, 0% expected dividend. The stock options expire two years from the date of vesting. 500,000 of these granted stock options expired during the year ended August 31, 2025.

On March 21, 2022, the Company granted 2,000,000 stock options to a director of the Company at an exercise price of \$0.82 per share. 1,000,000 of the options vest on March 21, 2023 and expire on March 21, 2025. The fair value of these options was determined at \$579,200 using 119% volatility, 3-year expected life, 2.05% discount rate, 0% expected dividend. 1,000,000 of these options vest on March 21, 2024 and expire on March 21, 2026. The fair value of these options was determined at \$634,600 using 118% volatility, 4-year expected life, 2.12% discount rate, 0% expected dividend. 1,000,000 of these granted stock options expired during the year ended August 31, 2025.

# 1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended February 28, 2026 and 2025  
(Unaudited - Amounts Expressed in Canadian Dollars)

## 10. SHARE CAPITAL AND RESERVES

### b) Stock options (continued)

A summary of the Company's stock options activity for the six months ended February 28, 2026 and years ended August 31, 2025 and 2024 is as follows:

	Number of Options	Weighted-Average Exercise Price (\$)
<b>Outstanding, August 31, 2024</b>	<b>4,715,000</b>	<b>1.09</b>
Issued	-	-
Exercised	-	-
Expired/forfeited	(1,680,000)	0.93
<b>Outstanding, August 31, 2025</b>	<b>3,035,000</b>	<b>1.19</b>
Issued	-	-
Exercised	-	-
Expired/forfeited	(311,500)	1.50
<b>Outstanding, February 28, 2026</b>	<b>2,723,500</b>	<b>1.15</b>

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at February 28, 2026 are as follows:

Date of Grant	Exercise Price (\$)	Number Outstanding	Number Exercisable	Remaining Life (Years)
March 21, 2022	0.82	1,000,000	1,000,000	0.06
June 3, 2022	0.95	500,000	500,000	0.26
January 9, 2024	1.50	1,223,500	-	7.86
		2,723,500	1,500,000	

### c) Warrants

During the three and six months ended February 28, 2026 and year ended August 31, 2025, there were no warrants issued and outstanding.

## 11. INTEREST IN SUBSIDIARIES

These consolidated financial statements incorporate the activities of the Company's subsidiaries from the date the Company acquires control to the date control is relinquished.

The Company's direct and ultimate subsidiaries and relative ownership interests are as follows:

Subsidiary	Domicile	Ownership Interest – February 28, 2026	Ownership Interest – August 31, 2025	Date Control Acquired
Bathurst Resources Corp.	Canada	100%	100%	December 31, 2013
Jekyll and Hyde Brand Builders Inc.	Canada	100%	100%	December 22, 2017
One Cannabis Market Inc.	Canada	100%	100%	June 9, 2022
T Cannabis NW Inc.	Canada	100%	100%	August 31, 2022
Tirthankar Limited	Canada	100%	100%	August 31, 2022
T CANN MGMT CORP.	Canada	100%	100%	August 31, 2022
Cost Cannabis Inc. (SK)	Canada	100%	100%	August 31, 2022
Cost Cannabis Inc. (BC)	Canada	100%	100%	December 1, 2022
Fresh Cannabis Co. Inc.	Canada	100%	100%	December 1, 2022
1267842 B.C. Ltd.	Canada	100%	100%	December 14, 2022
Costcan Liquor Inc. (AB)	Canada	100%	100%	May 24, 2023

# 1CM INC.

## Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended February 28, 2026 and 2025 (Unaudited - Amounts Expressed in Canadian Dollars)

### 12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the three and six months ended February 28, 2026 was based on the net income attributable to common shareholders in the amount of \$3,918,082 and \$4,483,170, respectively (February 28, 2025 – \$237,892 and \$645,736, respectively) and the weighted average number of common shares outstanding of 117,736,935 (February 28, 2025 – 117,736,935). Stock options with exercise prices exceeding the average market price during the year were excluded from diluted earnings per share as their effect would be anti-dilutive.

### 13. RELATED PARTY BALANCES AND TRANSACTIONS

The remuneration expense of directors and other members of key management personnel, or companies under their control, are as follows:

For the six months ended February 28,	2026	2025
Salaries, wages and consulting fees	\$ 685,644	\$ 530,360
	<b>\$ 685,644</b>	<b>\$ 530,360</b>

(a) As at February 28, 2026, \$106,521 (August 31, 2025 - \$256,332) due to directors, officers, shareholders, and such corporations owned by these individuals with common control by way of officer or director, is included in accounts payable and accrued liabilities.

(b) As per the terms of an agreement entered into on the acquisition of Tirthankar Limited on August 31, 2022, the Company has an annual amount payable of up to 1.5% of sales along with a monthly management fee to a company owned by the CEO of the Company, Tanvi Bhandari. During the three and six months ended February 28, 2026 the management fee expense amounted to \$267,562 and \$555,462, respectively (February 28, 2025 - \$354,808 and \$530,360, respectively), which has been included in salaries, wages, and consulting fees on the consolidated statement of operations and comprehensive income.

(c) Tirthankar Limited currently leases the properties located at Kenora, Cochrane, and Sioux Lookout from Smiths Falls Property Inc, a company that is owned and controlled by the CEO of the Company. Lease payments related to these properties during the three and six months ended February 28, 2026 amounted to \$24,615 and \$49,230, respectively (February 28, 2025 - \$24,265 and \$47,830). The lease payments for these locations were measured at exchange value. These leases are included in assets held for sale (Note 15).

(d) During the year ended August 31, 2024, the Company purchased inventory from Medical Saints Ltd., a related company by virtue of common director, Lucas Leone of \$1,368,406. As at February 28, 2026, the amount owed to the related party was \$nil (August 31, 2025 - \$224,422), on terms that allow the Company to pay the outstanding amount only when inventory is sold.

(e) The Company has an outstanding bridge loan from a shareholder which was repaid during the six months ended February 28, 2026 (Note 9).

### 14. OPERATING SEGMENTS

Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct and the operating results are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation decisions and assessing its performance. Reportable segments are Operating segments whose revenues or profit/loss or total assets exceed ten percent or more of those of the combined entity. Key measures used by the CODM to assess performance and make resource allocation decisions include revenues, gross profit and net income (loss). The Company's business activities are conducted through its main operating segment, cannabis. Management's focus is to generate revenue through cannabis sales.

During the three and six months ended February 28, 2026, the Company's revenue in relation to its cannabis operating segment amounted to \$15,599,871 and \$32,729,838, respectively (February 28, 2025 - \$16,211,385 and \$32,391,383, respectively) and cost of sales generated from Canada during the three and six months ended February 28, 2026 amounted to \$12,458,045 and \$25,766,229, respectively, (February 28, 2025 - \$12,829,817 and \$25,524,591). The Company's cannabis revenue and cost of goods sold were generated in Canada only.

The Company's liquor division, during the three and six months ended February 28, 2026, had revenues of \$2,220,324 and \$4,283,681, respectively, (February 28, 2025 - \$1,590,715 and \$2,965,936, respectively) and cost of goods sold of \$1,871,729 and \$3,646,459, respectively, (February 28, 2025 - \$1,364,304 and \$2,535,720, respectively). The CODM did not classify this as a major operating segment during the three and six months ended February 28, 2026 and year ended August 31, 2025. Revenue and cost of goods sold include amounts related to the Disposal Group classified as held for sale (Note 15).

# 1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended February 28, 2026 and 2025  
(Unaudited - Amounts Expressed in Canadian Dollars)

## 15. ASSETS HELD FOR SALE

On April 9, 2025, the Company entered into an arrangement agreement (the "Arrangement") with SNDL Inc. ("SNDL") pursuant to which SNDL agreed to acquire 32 cannabis retail stores operating under the Cost Cannabis and T Cannabis banners in Ontario, Alberta and Saskatchewan (collectively, the "Disposal Group") for aggregate cash consideration of \$32,200,000, subject to certain working capital adjustments. On June 16, 2025, the Company's shareholders approved the Arrangement. On June 18, 2025, the Ontario Superior Court of Justice (Commercial List) granted the Final Order approving the Arrangement. The Company classified the net assets of the Disposal Group as held for sale under IFRS 5 as of June 18, 2025.

The Disposal Group comprises the above noted stores along with associated goodwill, intangible assets, right-of-use assets, property and equipment, inventory, and related liabilities. The Disposal Group does not qualify as a discontinued operation under IFRS 5.32 as the Company continues to operate cannabis retail stores in other provinces and the disposal does not represent a withdrawal from the cannabis retail business or a geographical area of operations.

The Disposal Group is measured at the lower of its carrying amount and fair value less costs to sell ("FVLCTS"). Fair value is determined by reference to the \$32,200,000 purchase price, representing an arm's length negotiated transaction. Estimated costs to sell, including legal, advisory, and regulatory costs, are approximately \$1,000,000.

At the date of initial classification, the FVLCTS of approximately \$31,200,000 exceeded the carrying amount of the Disposal Group's net assets of \$20,822,737, and accordingly no impairment loss was recognized. Depreciation and amortization on property, plant and equipment, and intangible assets within the Disposal Group ceased from the classification date of June 18, 2025.

On December 15, 2025, the Company and SNDL amended the Arrangement to complete the transaction in two stages, as further described below. The aggregate purchase price remained unchanged at \$32,200,000.

As at February 28, 2026, following completion of the first closing, the Disposal Group comprises the 27 Ontario stores. The FVLCTS of the remaining Disposal Group, based on the \$27,200,000 second closing consideration less remaining costs to sell, exceeds its carrying amount of \$20,412,789, and no impairment loss has been recognized.

### First closing - Saskatchewan and Alberta

On January 7, 2026, the Company completed the first closing, comprising five cannabis retail stores located in Saskatchewan (3) and Alberta (2), structured as an asset purchase. Goodwill and the Cost Cannabis trade name within the Disposal Group are attributable to the Company's Ontario cash-generating unit, where they originated from the prior acquisition of the Ontario operations. Accordingly, no goodwill or intangible assets were derecognized in connection with the first closing.

Gross cash consideration of \$5,000,000 was received as part of the closing, of which \$2,000,000 had been received as a non-refundable deposit prior to closing. The gain on sale of \$4,040,105 in relation to the first closing was determined based on the gross consideration of \$5,000,000, less the net assets disposed of \$877,651, after customary working capital adjustments at closing. The gain on sale of assets is presented as a separate line item in the consolidated statements of operations and comprehensive income (loss).

### Assets and liabilities classified as held for sale

	February 28, 2026	August 31, 2025
	\$	\$
<b>Assets classified as held for sale:</b>		
Inventory	3,349,975	3,394,342
Goodwill	14,735,751	14,735,751
Intangible assets - trade name	2,375,648	2,375,648
Right-of-use assets	3,615,138	4,793,497
Property, plant and equipment	70,487	626,672
<b>Total assets held for sale</b>	<b>24,146,999</b>	<b>25,925,910</b>
<b>Liabilities associated with assets held for sale:</b>		
Lease liabilities	3,734,210	5,266,056
<b>Total liabilities held for sale</b>	<b>3,734,210</b>	<b>5,266,056</b>
<b>Net assets of the Disposal Group</b>	<b>20,412,789</b>	<b>20,659,854</b>

As at February 28, 2026, the balances relate to the 27 Ontario stores remaining in the Disposal Group. The assets and liabilities of the five Saskatchewan and Alberta stores were derecognized on January 7, 2026.

# 1CM INC.

## Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended February 28, 2026 and 2025 (Unaudited - Amounts Expressed in Canadian Dollars)

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### 15. ASSETS HELD FOR SALE (continued)

#### Second closing - Ontario

The remaining 27 Ontario stores continue to be classified as held for sale as at February 28, 2026, pending receipt of required regulatory approvals from the Alcohol and Gaming Commission of Ontario. The second closing, with cash consideration of \$27,200,000, is expected to complete by May 31, 2026.

### 16. COMMITMENTS AND CONTINGENCIES

#### Commitments

During the years ended August 31, 2025, 2024 and 2023, the Company entered into various purchase agreements for retail liquor permits in Saskatchewan. These purchase agreements are cancellable at any time without penalty. As at February 28, 2026, the Company has made various deposits on these retail liquor permits in the amount of \$387,200 (August 31, 2025 - \$387,200), which have been recorded as prepaid expenses and deposits on the condensed interim consolidated statements of financial position. As at February 28, 2026, the amount outstanding on these cancellable purchase agreements amounted to an aggregate of \$nil (August 31, 2025 - \$nil). The Company recognizes these retail permits as intangible assets when the final payment is made as per the purchase agreement and the Company obtains control of the permit.

During the year ended August 31, 2024, the Company acquired the Watrous Liquor Permit for an aggregate purchase price of \$724,500 (Note 6) and the Saskatoon Liquor Permit for an aggregate purchase price of \$1,255,800 (Note 6). These prepaid balances were transferred to intangible assets during the year ended August 31, 2024 as the Company obtained control of these permits.

During the year ended August 31, 2025, the Company acquired the Assiniboia Liquor Permit for an aggregate purchase price of \$202,000 (Note 6) and the Regina Liquor Permit for an aggregate purchase price of \$1,500,200 (Note 6). These prepaid balances were transferred to intangible assets during the year ended August 31, 2025 as the Company obtained control of these permits.

#### Contingencies

In the normal course of business, the Company may be involved in various legal proceedings, the outcomes of which cannot be determined at this time, and, accordingly, no provision has been recorded in these consolidated financial statements. The Company believes that there are no current proceedings that will result in a material favourable or unfavourable effect on its financial position or results of operations. As at February 28, 2026, no provision has been recorded in these condensed interim consolidated financial statements in relation to the below legal proceedings:

- A former director brought an application against 1CM for a declaration that he was entitled to certain options that were issued in fiscal 2021 for which in April 2024, the hearing judge dismissed his application. His appeal of that decision was heard by the Court of Appeal on April 2, 2025. On April 9, 2025, the appeal was dismissed. Accordingly, there is no longer a contingent liability associated with this legal proceeding; and
- The Company is party to a lease dispute for which the outcome is uncertain and the potential liability cannot be reliably estimated. The matter is not expected to have a material impact on the Company's consolidated financial statements.

### 17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

- a) Deploy capital to provide an appropriate return on investment to its shareholders;
- b) Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and
- c) Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements or covenants. The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital.

# 1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended February 28, 2026 and 2025  
(Unaudited - Amounts Expressed in Canadian Dollars)

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## 18. COMPARATIVE INFORMATION

Certain items on the consolidated statements of operations and comprehensive income have been reclassified for consistency with the current year presentation. The result of these reclassifications did not have an impact on the reported net income and comprehensive income for the comparative period.