

MTL Cannabis Corp.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended December 31, 2025 and 2024

[unaudited] [Expressed in Canadian dollars]

MTL Cannabis Corp.

Condensed Consolidated Interim Statements of Financial Position [unaudited] [expressed in Canadian dollars]

As at		December 31, 2025	March 31, 2025
	Notes	\$	\$
ASSETS			
Current assets			
Cash		1,059,528	5,680,958
Trade and other receivables	3	11,553,452	11,821,096
Inventory	4	18,890,155	16,946,417
Biological assets	5	1,530,918	2,141,941
Prepaid expenses and deposits		1,447,550	460,925
		<u>34,481,603</u>	<u>37,051,337</u>
Non-current assets			
Prepaid expenses and deposits		102,065	63,290
Right-of-use assets, net	6	16,676,015	11,755,639
Property, plant and equipment, net	7	17,925,968	18,670,035
Intangible assets and goodwill, net	8	16,368,383	18,615,383
TOTAL ASSETS		<u>85,554,034</u>	<u>86,155,684</u>
LIABILITIES			
Current liabilities			
Trade and other payables		12,369,229	19,364,554
Income taxes payable		893,004	695,939
Provision	9	—	5,000,000
Lease obligations	6	1,790,836	1,020,568
Notes payable	9	—	14,552,353
Borrowings	10	3,530,288	350,438
Convertible debentures	11	—	7,583,236
		<u>18,583,357</u>	<u>48,567,088</u>
Non-current liabilities			
Lease obligations	6	18,650,227	13,874,879
Notes payable	9	8,526,477	—
Borrowings	10	15,169,714	—
Deferred tax liability		1,264,748	1,951,455
		<u>62,194,523</u>	<u>64,393,422</u>
SHAREHOLDERS' EQUITY			
Share capital	12	12,306,550	11,075,877
Contributed surplus	12	13,041,482	4,981,294
Retained (deficit) earnings		(1,988,521)	5,705,091
		<u>23,359,511</u>	<u>21,762,262</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>85,554,034</u>	<u>86,155,684</u>
Contingencies	17		

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

MTL Cannabis Corp.

Condensed Consolidated Interim Statements of Income (loss) and Comprehensive Income (loss)

[unaudited] [expressed in Canadian dollars, except number of shares]

	Notes	Three months ended December 31,		Nine months ended December 31,	
		2025	2024	2025	2024
		\$	\$	\$	\$
Revenue					
Product revenue		20,889,219	24,231,435	68,398,203	73,836,569
Referral revenue and other		1,530,408	1,367,881	5,277,281	4,039,513
Excise tax		(5,248,498)	(5,644,261)	(15,206,840)	(16,329,897)
Net Revenue		17,171,129	19,955,055	58,468,644	61,546,185
Cost of revenue		7,622,164	9,534,776	29,718,633	28,615,753
Gross profit before fair value adjustments		9,548,965	10,420,279	28,750,011	32,930,432
Unrealized fair value adjustments on biological assets	5	42,521	475,921	2,124,074	5,250,248
Realized fair value adjustments on sale of inventory		(455,022)	(2,284,482)	(3,013,815)	(4,679,641)
Gross profit		9,136,464	8,611,718	27,860,270	33,501,039
Operating expenses					
General and administrative	15	5,228,190	5,509,444	17,324,428	17,022,025
Sales and marketing		762,515	671,854	2,272,642	1,665,731
Amortization and depreciation	6,7,8	1,021,169	1,379,764	3,608,729	4,213,357
Share-based compensation	12	322,813	135,886	744,683	631,256
		7,334,687	7,696,948	23,950,482	23,532,369
Operating income		1,801,777	914,770	3,909,788	9,968,670
Finance expense, net	14	1,218,887	1,874,613	11,226,816	5,491,219
Other (income) expenses		(203,522)	(49,560)	171,441	(172,656)
Income before income taxes		786,412	(910,283)	(7,488,469)	4,650,107
Current tax expense (recovery)		361,534	310,306	891,850	2,012,741
Deferred tax expense (recovery)		(248,006)	—	(686,707)	405,864
		113,528	310,306	205,143	2,418,605
Net income (loss) and comprehensive income (loss) for the period		672,884	(1,220,589)	(7,693,612)	2,231,502
Income (loss) per share - basic and diluted	13	\$ 0.006	\$ (0.010)	\$ (0.065)	\$ 0.019
Weighted average number of common shares outstanding - basic and diluted		120,302,960	116,997,561	118,235,583	116,997,561

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

MTL Cannabis Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the nine months ended December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except number of shares and warrants]

	Common shares		Warrants	Contributed surplus	Retained earnings (deficit)	Total
	#	\$	#	\$	\$	\$
Balance as at March 31, 2025	116,997,561	11,075,877	8,152,379	4,981,294	5,705,091	21,762,262
Share-based compensation (Note 12)	—	—	—	744,683	—	744,683
Private Placement (Note 12)	3,305,399	1,230,673	1,652,699	440,162	—	1,670,835
Issuance of warrants (Note 11)	—	—	14,466,568	6,875,343	—	6,875,343
Expiration of warrants (Note 12)	—	—	(999,999)	—	—	—
Net loss and comprehensive loss	—	—	—	—	(7,693,612)	(7,693,612)
Balance as at December 31, 2025	120,302,960	12,306,550	23,271,647	13,041,482	(1,988,521)	23,359,511
Balance as at March 31, 2024	116,997,561	11,075,877	7,717,521	4,163,960	(614,165)	14,625,672
Issuance of warrants (Note 12)	—	—	434,858	53,146	—	53,146
Share-based compensation (Note 12)	—	—	—	631,256	—	631,256
Remeasurement of amount payable to pre-RTO existing MTL Cannabis Corp. shareholders	—	—	—	—	(327,000)	(327,000)
Net income and comprehensive income	—	—	—	—	2,231,502	2,231,502
Balance as at December 31, 2024	116,997,561	11,075,877	8,152,379	4,848,362	1,290,337	17,214,576

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MTL Cannabis Corp.

Condensed Consolidated Interim Statements of Cash Flows [unaudited] [expressed in Canadian dollars]

For the nine months ended December 31,

	Notes	2025 \$	2024 \$
Operating activities:			
Net (loss) income for the period		(7,693,612)	2,231,502
Add (deduct) items not affecting cash:			
Deferred tax expense (recovery)		(686,707)	405,864
Amortization and depreciation	6,7,8	5,302,598	5,539,934
Inventory impairment provision	4	498,247	984,549
Change in fair value adjustments on inventory sold		3,013,815	4,679,641
Change in fair value of biological assets		(2,124,074)	(5,250,248)
Expected credit recovery	3	(137,165)	(133,767)
Share-based compensation	12	744,683	631,256
Impairment of property, plant and equipment	7	—	168,530
Loss on disposal of property, plant and equipment	7	—	31,046
Other income		—	(2,915)
Finance expense	14	11,141,392	5,489,401
		<u>10,059,177</u>	<u>14,774,793</u>
Changes in non-cash working capital items:			
Trade and other receivables		1,711,949	(2,384,510)
Inventory		(5,455,798)	(11,491,317)
Biological assets		2,735,097	5,626,118
Prepaid expenses and deposits		(1,025,400)	1,339,506
Trade and other payables		(6,995,325)	4,256,027
Income taxes payable		1,083,265	1,689,864
Provision paid	9	(375,284)	—
Income taxes paid		(1,661,790)	(679,650)
Income taxes refunded		775,589	—
Cash flows provided by operating activities		<u>851,480</u>	<u>13,130,831</u>
Investing activities:			
Purchase of property, plant and equipment	7	(1,996,468)	(3,633,271)
Cash flows used in investing activities		<u>(1,996,468)</u>	<u>(3,633,271)</u>
Financing activities:			
Proceeds from borrowings, net	10	19,422,495	—
Proceeds from Brokered Private Placement, net	12	1,670,835	—
Repayment of notes payable	9	(11,460,141)	(2,217,357)
Repayment of borrowings	10	(1,592,461)	(2,338,695)
Repayment of convertible debentures	11	(8,907,979)	(304,311)
Payment of lease obligations	6	(2,609,191)	(2,495,138)
Cash flows used in financing activities		<u>(3,476,442)</u>	<u>(7,355,501)</u>
Net change in cash during the period		<u>(4,621,430)</u>	2,142,059
Cash, beginning of the period		5,680,958	1,352,135
Cash, end of the period		<u>1,059,528</u>	<u>3,494,194</u>

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

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] (expressed in Canadian dollars, except share amounts)

1 Nature of business

MTL Cannabis Corp. (the "Company" or "MTLC"), formerly Canada House Cannabis Group Inc. ("Canada House"), was incorporated on September 29, 1982 under the Company Act of the Province of British Columbia. The Company's head office and principal place of business is located at 4225 Autoroute Transcanadienne, Pointe-Claire, Québec, Canada, H9R 1B4. The Company's common shares are listed on the Canadian Securities Exchange under the symbol "MTLC", and on the OTCQB Venture Market under the symbol "MTLNF". The Company through its subsidiaries, engages in cultivation and production of cannabis products for recreational and medical purposes in Canada. It also operates clinics that work directly with primary care teams to provide specialized cannabinoid therapy services to patients suffering from medical conditions. The Company produces various cannabis products, including lines of dried flower, hash, and pre-rolls.

On December 14, 2025, the Company entered into a definitive arrangement agreement (the "Arrangement Agreement") with Canopy Growth Corporation (the "Purchaser"), as amended on January 6, 2026. As a part of the Arrangement Agreement, the Purchaser agreed to acquire all of the issued and outstanding common shares of the Company (the "Transaction"). Under the terms of the Arrangement Agreement, shareholders will receive common shares of the Purchaser and cash consideration for each share of the Company held. Upon completion of the Transaction, the Company's shares will be delisted from all public markets, and the Company will cease to be a reporting issuer under Canadian securities laws. The Transaction is expected to close in the first calendar quarter of 2026, subject to shareholder approval and the satisfaction of customary closing conditions.

These unaudited condensed consolidated interim financial statements ("financial statements") of the Company for the three and nine months ended December 31, 2025 and 2024, comprise the results of the Company and its wholly owned subsidiaries Montréal Cannabis Médical Inc. ("MTL Cannabis"), Abba Medix Corp. ("Abba"), Canada House Clinics Inc. ("CHC"), The Longevity Project Corp. ("TLP"), IsoCanMed Inc. ("IsoCanMed"), and Margaree Health Group Inc. ("Margaree").

2 Basis of preparation

Statement of compliance

These financial statements were prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended March 31, 2025. These financial statements have been prepared in compliance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures normally included in annual financial statements, prepared in accordance with IFRS® Accounting Standards as issued by the IASB and IFRIC® Interpretations of the IFRS Interpretations Committee, have been omitted or condensed. These financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2025.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on February 27, 2026.

Functional currency and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

Use of estimates, judgments and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Summary of material accounting policies adopted in the period

Share-based payments

The Company grants restricted share units ("RSUs") and deferred share units ("DSUs") to employees and directors of the Company. The RSUs and DSUs are treated as equity-settled instruments for accounting purposes. The Company expects that vested RSUs and DSUs will be settled through the issuance of one common share per RSU

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

or DSU. The fair value is determined based on the market value of the Company's shares at the time of grant. Compensation cost is recognized over the expected vesting period of the share-based compensation.

New standards, amendments and interpretations not yet adopted by the Company

IFRS 18 – Presentation and Disclosure in Financial Statements (“IFRS 18”)

In April 2024, the IASB issued a new standard IFRS 18, introducing a defined structure for the statement of profit and loss and new specific disclosure requirements to the statement of profit and loss.

The standard is effective for annual reporting periods beginning on or after January 1, 2027, and also applies to comparative information. The Company is still assessing the impact of adopting these amendments on its financial statements.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the Company's financial statements.

3 Trade and other receivables

The Company's trade and other receivables include the following:

	December 31, 2025	March 31, 2025
	\$	\$
Trade receivable	11,518,550	9,665,692
SR&ED receivables	116,221	212,123
Government assistance receivable	—	1,990,014
Other receivables	29,985	201,736
Less: expected credit losses	(111,304)	(248,469)
	11,553,452	11,821,096

During the year ended March 31, 2025, the Company purchased light fixtures in the amount of \$2,677,500. As a part of the Hydro-Québec Efficient Solutions Program, the Company obtained a subsidy for these lights in the amount of \$1,990,014. The net cost of the lights is included as additions of property, plant and equipment (see Note 7). The subsidy was received during the three months ended June 30, 2025.

For trade receivables, the change in allowance for credit losses for the nine months ended December 31, 2025 was as follows:

	December 31, 2025
	\$
Opening balance	248,469
Reduction in allowance for credit losses	(137,165)
Closing balance	111,304

4 Inventory

The Company's inventory consists of the following:

	December 31, 2025	March 31, 2025
	\$	\$
Work in process	13,315,048	11,196,104
Finished goods	6,683,564	7,170,060
Carrying value	19,998,612	18,366,164
Less: provision	(1,108,457)	(1,419,747)
	18,890,155	16,946,417

During the three and nine months ended December 31, 2025, the Company expensed \$7,384,961 and \$28,374,870 of inventory in cost of sales (2024 – \$8,705,948 and \$26,654,963). Included in the amount of inventory expensed to cost of sales is \$589,449 and \$1,672,529 (2024 – \$651,030 and \$1,670,917) of depreciation allocated from property and equipment and ROU assets. As of December 31, 2025, the carrying value of inventory includes

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

\$966,792 of inventoried depreciation costs (March 31, 2025 – \$598,601). During the nine months ended December 31, 2025, the Company recorded \$498,247 of impairment (2024 – \$nil). The Company's impairment includes change in provision for inventory and any write-offs during the period.

5 Biological assets

Biological assets consist of cannabis plants. The changes in the carrying value of biological assets are as follows:

	\$
Balance – March 31, 2024	1,550,427
Production costs capitalized	8,382,985
Changes in fair values less costs to sell due to biological transformation	7,797,187
Plants sold during the period	(375,528)
Transferred to inventory upon harvest	(15,213,130)
Balance – March 31, 2025	2,141,941
Production costs capitalized	6,055,708
Changes in fair values less costs to sell due to biological transformation	2,124,074
Transferred to inventory upon harvest	(8,790,805)
Balance – December 31, 2025	1,530,918

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, the expected selling price per gram and the expected costs to sell per gram.

The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The Company's method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest.

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

	Assumption:	As at December 31, 2025		As at March 31, 2025	
		Input	10% change	Input	10% change
i	Weighted average of expected loss of plants until harvest [a]	10%	\$15,655	8%	\$20,018
ii	Expected yields (dry grams of cannabis per plant) [b]	636 grams of dry flower	\$153,092	582 grams of dry flower	\$219,771
iii	Weighted average number of growing weeks completed as a percentage of total growing weeks as at period-end	41%	\$153,092	51%	\$219,771
iv	Estimated selling price (per gram) [c]	\$1.67 per gram dried flower	\$318,720	\$1.74 per gram dried flower	\$419,754
v	After harvest cost to complete and sell (per gram)	\$0.88 per gram dried flower	\$165,628	\$0.82 per gram dried flower	\$199,984

[a] Weighted average of expected loss of plants until harvest represents loss of plants that do not survive to the point of harvest. It does not include any financial loss on a surviving plant.

[b] Expected average yields for cannabis plants vary based on the mix of strains and number of plants existing at each reporting date.

[c] The estimated selling price per gram represents the actual average sales price for the Company's strains sold as bulk products.

The Company estimates the harvest yields for cannabis at various stages of growth. As of December 31, 2025, it is expected that the Company's biological assets will yield approximately 4,615,841 (March 31, 2025 – 4,035,798) grams of dry cannabis flower when harvested. The fair value adjustments on biological assets are presented separately on the condensed consolidated interim statements of income (loss) and comprehensive income (loss).

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

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The Company's estimates, by their nature, are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets.

6 Leases

Right-of-use asset

Cost	\$
Balance – March 31, 2025	17,512,299
Additions	342,234
Modification	6,200,347
Balance – December 31, 2025	24,054,880
Accumulated depreciation	\$
Balance – March 31, 2025	5,756,660
Depreciation	1,622,205
Balance – December 31, 2025	7,378,865
Net Balance – March 31, 2025	11,755,639
Net Balance – December 31, 2025	16,676,015

Lease obligations

	\$
Balance – March 31, 2025	14,895,447
Additions	342,234
Interest accretion	1,612,226
Lease payments	(2,609,191)
Modification	6,200,347
Balance – December 31, 2025	20,441,063
Current	1,790,836
Non-current	18,650,227

The Company's right-of-use assets and lease obligations relate to the Company's warehouse, office premises, licensed cultivation facility, and clinics. For its leased premises, the Company hypothecates all of its equipment and other moveable effects to its landlord up to the market value equivalent of one years' rent as security against the lease obligation.

The following table sets out a maturity analysis of the lease payments payable, showing the undiscounted lease payments to be paid on an annual basis, reconciled to the lease obligation.

	\$
Less than one year	3,533,087
One to two years	3,529,088
Two to three years	3,552,281
Three to four years	3,225,305
Thereafter	14,745,771
Total undiscounted lease payments payable	28,585,532
Less: impact of present value	8,144,469
Balance – December 31, 2025	20,441,063

Additions during the period

On July 1, 2025, the Company commenced a new lease for its clinic in Mount Pearl, Newfoundland. The lease expires on June 30, 2028, and includes a three-year renewal option. Prior to this agreement, the lease was month-to-month and a short-term lease under IFRS 16. As a result of the agreement, the Company recognized an additional right-of-use asset and lease liability in the amount of \$168,493.

On November 1, 2025, the Company commenced a new lease for its clinic in Charlottetown, Prince Edward Island. The lease expires on October 31, 2028. The lease previously expired on October 31, 2025. As a result of the agreement, the Company recognized an additional right-of-use asset and lease liability in the amount of \$173,741.

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

Modifications during the period

On July 29, 2025, the Company modified its lease agreement on its head office at 4225 Transcanadienne Highway. The modification extended the non-cancellable period from March 31, 2028 to March 31, 2029. The Company determined that the 5-year renewal option at the end of the non-cancellable period was still reasonably certain to be exercised. The Company determined that this modification did not result in a new lease. As a result of the modification, the Company remeasured the lease liability by discounting the lease payments over the revised lease term using a revised discount rate and made a corresponding increase to its right-of-use asset in the amount of \$2,414,425. The leased premises is owned by a company controlled by the Chief Cultivation Officer and the Chief Operating Officer.

On July 29, 2025, the Company modified its lease agreement on its production facility at 815 Tecumseh Ave. The modification extended the non-cancellable period from March 31, 2028 to March 31, 2029. The Company determined that the 5-year renewal option at the end of the non-cancellable period was still reasonably certain to be exercised. The Company determined that this modification did not result in a new lease. As a result of the modification, the Company remeasured the lease liability by discounting the lease payments over the revised lease term using a revised discount rate and made a corresponding increase to its right-of-use asset in the amount of \$3,743,005. The leased premises is owned by a company controlled by the Chief Cultivation Officer and the Chief Operating Officer.

On September 30, 2025, the Company modified its lease agreement at a clinic in Kingston, Ontario. The modification extended the maturity date from March 31, 2026 to March 31, 2029. As a result of the modification, the Company remeasured the lease liability by discounting the revised lease payments using a revised discount rate and made a corresponding increase to the ROU asset in the amount of \$42,918.

7 Property, plant and equipment

	Equipment and supplies	Computer equipment	Leasehold improvements	Building	Land	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, March 31, 2025	8,315,504	209,283	4,009,186	11,601,380	121,957	24,257,310
Additions	1,446,581	—	549,887	—	—	1,996,468
Government subsidy	(360,000)	—	—	(947,140)	—	(1,307,140)
Balance, December 31, 2025	9,402,085	209,283	4,559,073	10,654,240	121,957	24,946,638
Accumulated depreciation						
Balance, March 31, 2025	4,028,098	80,443	143,712	1,335,022	—	5,587,275
Depreciation	663,790	37,183	155,321	577,101	—	1,433,395
Balance, December 31, 2025	4,691,888	117,626	299,033	1,912,123	—	7,020,670
Carrying value						
Balance, March 31, 2025	4,287,406	128,840	3,865,474	10,266,358	121,957	18,670,035
Balance, December 31, 2025	4,710,197	91,657	4,260,040	8,742,117	121,957	17,925,968

On September 11, 2025, the Company obtained approval for a subsidy in the amount of \$947,140. The subsidy relates to energy savings from HVAC purchases as a part of the Hydro-Québec Efficient Solutions Program. The subsidy was deducted from the cost of property, plant and equipment.

During the nine months ended December 31, 2025, the Company purchased light fixtures in the amount of \$553,500. As a part of the Hydro-Québec Efficient Solutions Program, the Company obtained a subsidy for these lights in the amount of \$360,000. The net cost of the lights is included as additions of property, plant and equipment.

During the three and nine months ended December 31, 2025, the Company allocated \$354,313 and \$1,109,468 (2024 – \$505,931 and \$1,309,205) of depreciation expense to the production of biological assets and inventory.

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

8 Intangible assets and goodwill

	Customer relationships	License	Technology	Trademarks and brand	Goodwill	Total
Cost	\$	\$	\$	\$	\$	\$
Balance, March 31, 2025	8,040,000	3,340,000	390,000	820,000	12,602,050	25,192,050
Balance, December 31, 2025	8,040,000	3,340,000	390,000	820,000	12,602,050	25,192,050
Accumulated amortization						
Balance, March 31, 2025	3,350,000	2,783,333	130,000	313,334	—	6,576,667
Amortization	1,507,500	556,667	58,500	124,333	—	2,247,000
Balance, December 31, 2025	4,857,500	3,340,000	188,500	437,667	—	8,823,667
Carrying Value						
Balance, March 31, 2025	4,690,000	556,667	260,000	506,666	12,602,050	18,615,383
Balance, December 31, 2025	3,182,500	—	201,500	382,333	12,602,050	16,368,383

9 Notes payable

The following table presents the notes payable for the Company:

	December 31, 2025	March 31, 2025
	\$	\$
Due to related parties [i]	8,526,477	4,533,268
Promissory notes [ii]	—	10,019,085
Total notes payable	8,526,477	14,552,353
Current	—	14,552,353
Non-current	8,526,477	—

[i] Due to related parties

Notes payable are due to certain related parties of the Company. The notes payable bear interest at 17% per annum and are unsecured. As of March 31, 2025, the notes payable balances were due on June 1, 2025.

On June 1, 2025, the Company and the related parties entered into amending agreements for the notes payable. The amending agreements deferred repayment of the principal and accrued interest until March 31, 2026. All other terms of the notes remained the same. The Company considered the amendment an extinguishment at maturity and replacement with a new note. No gain or loss was recognized on extinguishment.

On July 30, 2025, the Company and the related parties entered into amending agreements for the notes payable. The amending agreements deferred repayment of the principal and accrued interest until August 30, 2028. All other terms of the notes remained the same. The Company recognized a gain of \$181,934 on modification of the notes, included in the line-item finance expense, net in the condensed consolidated interim statements of income (loss) and comprehensive (income) loss.

On July 30, 2025, the Company also issued two new promissory notes to related parties in the amount of \$2,312,358 per note. The new notes mature on August 30, 2028, and incur interest at 17% per annum. The notes were issued to defer repayment of the provision of \$5,000,000 owed to the shareholders of MTL Cannabis prior to the Canada House acquisition. The remaining balance of \$375,284 was repaid in cash.

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

The following table summarizes the changes to the Company's due to related party notes payable:

	December 31, 2025
	\$
Balance – Beginning of the period	4,533,268
Notes payable issued in settlement of provision	4,624,716
Interest expense	802,351
Repayments	(1,251,924)
Modification	(181,934)
Balance – End of the period	8,526,477

[ii] Promissory notes

On July 28, 2023, as part of the Canada House acquisition, the Company assumed three promissory notes (the "ISO Promissory Notes") each with a principal value of \$4,167,667, for an aggregate amount of \$12,500,000, bearing interest at 5% payable annually. The initial maturity dates of the three promissory notes were December 12, 2023, June 12, 2024, and December 12, 2024.

On June 1, 2025, the Company and all of the note holders agreed to amend the promissory notes (the "Third Amended ISO Promissory Notes"). The Third Amended ISO Promissory Notes extended the maturity date for all notes to August 31, 2025. All other terms of the notes remained the same. The Company considered the amendment an extinguishment at maturity and replacement with a new note. No gain or loss was recognized on extinguishment.

On July 31, 2025, the Company fully repaid the Third Amended ISO Promissory Notes.

	December 31, 2025
	\$
Balance – Beginning of the period	10,019,085
Interest expense	189,132
Repayments	(10,208,217)
Balance – End of the period	—

10 Borrowings

The following table presents the borrowings for the Company:

	December 31, 2025	March 31, 2025
	\$	\$
Unsecured loan [i]	355,147	350,438
RT Facility [ii]	856,038	—
NRT 1 Facility [ii]	6,514,292	—
NRT 2 Facility [ii]	10,974,525	—
Total borrowings	18,700,002	350,438
Current	3,530,288	350,438
Non-current	15,169,714	—

[i] Unsecured loan

On July 28, 2023, as part of the Canada House acquisition, the Company assumed a three-year unsecured loan provided by a vendor, bearing interest at 2% per annum, payable annually. The loan matured on October 31, 2021, and is due on demand. During the three and nine months ended December 31, 2025, the Company incurred and accrued \$1,575 and \$4,709 of interest expense (2024 – \$1,575 and \$4,709).

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

	December 31, 2025
	<u>\$</u>
Balance – Beginning of the period	350,438
Interest expense	4,709
Balance – End of the period	<u>355,147</u>

[ii] Credit facilities

On July 30, 2025, the Company entered into a credit agreement (“Credit Agreement”) with a Canadian Schedule 1 Bank to assist with capital expenditures, finance working capital, and refinance existing debt assumed from the Canada House acquisition. The Credit Agreement was comprised of the following facilities:

- an uncommitted demand revolving credit facility of up to \$4,000,000 (the “RT Facility”).
- A committed non-revolving term credit facility, by way of a single drawdown, in the amount of \$6,750,000 (the “NRT 1 Facility”).
- A committed non-revolving term credit facility, by way of a single drawdown, in the amount of \$12,150,000 (the “NRT 2 Facility”).
- An uncommitted delayed draw non-revolving term credit facility, available by way of one or more drawdowns, in the amount of \$4,120,000 (the “DDTL Facility”).

All facilities (the “Credit Facilities”) mature on July 28, 2028, and bear interest based on the Canadian Overnight Repo Rate Average (“CORRA”) plus an applicable margin, or the Canadian prime rate plus an applicable margin. The applicable margin is based on predetermined thresholds for total funded debt to Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”). Upon issuance, the effective interest rate of the NRT 1 Facility and the NRT 2 Facility were 6.85% and 7.05%, respectively. The Credit Facilities are classified as financial liabilities at amortized cost and accounted for using the effective interest rate method. In the case of CORRA loans, interest is repayable on the last day of the applicable interest period selected, on prepayment, and on termination. In the case of Canadian prime rate loans, interest is repayable on the last banking day of each calendar month, on prepayment, and on termination.

The balance outstanding under the RT Facility shall be repaid on the maturity date with all accrued and unpaid interest. Prior to the maturity date, amounts which are repaid may be reborrowed under the RT Facility. The credit outstanding under the NRT 1 Facility, NRT 2 Facility, and DDTL Facility shall be repaid in monthly instalments, and the annual sum of the monthly instalments shall equal 5%, 20%, and 2.78% of the drawn amount, respectively. The instalments are paid on the last banking day of each calendar month following the closing date to and including the last full calendar month prior to the maturity date of July 28, 2028. Any balances outstanding after the last instalment payment are repaid at maturity together with all accrued and unpaid interest. The Credit Facilities can be prepaid at any time without penalty.

As of December 31, 2025, the Company made drawdowns of \$6,750,000 under the NRT 1 Facility, \$12,150,000 under the NRT 2 Facility, and utilized \$856,038 of the RT Facility. The DDTL Facility remains undrawn.

The Company incurred cash transaction costs of \$463,085 which are being amortized as accretion expense over the term of the Credit Facilities, included in the line-item finance expense, net in the condensed consolidated interim statements of income (loss) and comprehensive (income) loss. Transaction expenses were allocated to each facility based on the maximum draw amount, and the portion relating to the undrawn amount has been capitalized as a prepaid finance fee in the statement of financial position. The portion allocated to the drawn amount is included in the effective interest rate of each respective facility.

The Credit Facilities are secured by a first ranking security over all present and after-acquired property, assets and undertaking in the form of security documents. The Credit Facilities contain a financial covenant requiring the Company to maintain a total funded to EBITDA ratio of 2.00:1.00 for each fiscal quarter from the closing date to June 29, 2026, and a total funded to EBITDA ratio of 1.50:1.00 for each fiscal quarter from and including June 30, 2026 to maturity. The Company is also subject to a fixed charges coverage ratio, requiring a ratio greater than 1.25:1.00 to be maintained at all times.

As at December 31, 2025, the Company was in compliance with its financial covenants.

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

The following table summarizes changes to the Company's NRT 1 Facility.

	December 31, 2025
	\$
Balance – Beginning of the period	—
Advances	6,750,000
Allocated transaction costs	(115,686)
Interest expense	179,993
Repayments	(300,015)
Balance – End of the period	6,514,292

The following table summarizes changes to the Company's NRT 2 Facility.

	December 31, 2025
	\$
Balance – Beginning of the period	—
Advances	12,150,000
Allocated transaction costs	(208,234)
Interest expense	325,205
Repayments	(1,292,446)
Balance – End of the period	10,974,525

During the three and nine months ended December 31, 2025, the Company incurred \$9,622 of interest expense on the RT Facility.

11 Convertible debentures

	2017 Debentures (i)	Archerwill Debentures (ii)	Total
	\$	\$	\$
Balance as at March 31, 2024	572,000	4,840,883	5,412,883
Interest accretion expense	72,085	2,420,353	2,492,438
Payments	(72,085)	(250,000)	(322,085)
Balance as at March 31, 2025	572,000	7,011,236	7,583,236
Interest accretion expense	19,149	1,320,762	1,339,911
Cash payments	(591,149)	(8,316,830)	(8,907,979)
Gain on extinguishment	—	(15,168)	(15,168)
Balance as at December 31, 2025	—	—	—

(i) 2017 Debentures

On July 28, 2023, as part of the Canada House acquisition, the Company assumed unsecured convertible debentures with an outstanding balance of \$607,000 (the "2017 Debentures"). Each 2017 Debentures unit comprised a principal amount of \$1,000 and bore interest at 18% per annum, payable monthly. As of July 28, 2023, the 2017 Debentures were due on demand and were no longer convertible.

The Company determined that the fair value of the 2017 Debentures was \$607,000. During the three and nine months ended December 31, 2025, the Company incurred \$nil and \$19,149 of interest expense (2024 – \$18,170 and \$54,311). On July 31, 2025, the Company repaid the 2017 Debentures.

(ii) Archerwill Debentures

On July 28, 2023, as part of the Canada House acquisition, the Company assumed a secured convertible debenture with a principal value of \$6,500,000 (the "Archerwill Debenture"). The Archerwill Debenture bore interest at 8% per annum. The Archerwill Debenture was convertible into common shares at a conversion price of \$0.57,

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

or repayable in cash upon maturity, which was August 8, 2025, unless converted earlier. The Archerwill Debenture was secured by a first ranking security over all present and after-acquired property.

The Archerwill Debenture also contained a repayment clause where for each \$1.00 paid towards principal or accrued interest of notes payable, \$0.50 was payable towards the ISO Promissory Notes (Note 9), \$0.25 was payable towards the notes payable to certain related parties (Note 9), and \$0.25 was payable towards the Archerwill Debenture. Any repayment was first credited to any accrued and unpaid interest. In addition, for each repayment made, the Company issued the number of warrants equal to the repayment amount divided by the conversion price of \$0.57.

On July 31, 2025, the Company repaid the Archerwill Debentures in full. The final repayment resulted in the issuance of 14,466,568 warrants (the "Third Archerwill Prepayment Warrants"). The Third Archerwill Prepayment Warrants expire on August 5, 2027. The fair value of the Third Archerwill Prepayment Warrants was determined using the Black-Scholes model. Key assumptions used in the model were a share price of \$0.80, an exercise price of \$0.57, estimated volatility of 95%, an expected life of 2.01 years, and a risk-free rate of 2.76%. The fair value of \$6,875,343 was recorded in the line item 'Finance expense, net' on the condensed consolidated interim statements of income (loss) and comprehensive income (loss). The Company also recognized a gain on extinguishment of \$15,168 recorded in the line item 'Finance expense, net' on the condensed consolidated interim statements of income (loss) and comprehensive income (loss).

12 Share capital

(a) Authorized

The Company has authorized capital consisting of an unlimited number of common shares without par value.

(b) Issued and outstanding

	Common shares	
	#	\$
Balance – March 31, 2025	116,997,561	11,075,877
Private Placement	3,305,399	1,230,673
Balance – December 31, 2025	120,302,960	12,306,550

On September 19, 2025, the Company closed a brokered private placement offering of 3,147,999 units at a price of \$0.65 per unit, for aggregate gross proceeds of \$2,046,199 (the "Private Placement"). Each unit consists of one common share of the Company and one-half common share purchase warrant ("Unit Warrant"). Each Unit Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.98 per full Unit Warrant for a period of 36 months from the issuance date.

The fair value of the Unit Warrants was determined using the Black-Scholes option pricing model with the following assumptions: an underlying share price of \$0.67, an exercise price of \$0.98, a risk-free rate of 2.47%, an expected volatility of 92.45%, an expected life of 3 years and an expected dividend yield of 0%. Total proceeds were allocated based on the relative fair value of the shares and the warrants. The Company allocated \$1,630,108 to share capital, and \$416,091 to contributed surplus, respectively.

Total cash transaction costs were \$375,364, resulting in net cash proceeds to the Company of \$1,670,835. As at December 31, 2025, \$88,648 of the unpaid cash transaction costs were paid. The Company issued 78,700 broker warrants ("Broker Warrants"), 220,360 broker options ("Broker Options"), and 157,400 common shares to agents as compensation for the Private Placement the ("Compensation Shares"). The Broker Warrants have the same terms as the Unit Warrants, and the Broker Options are exercisable to acquire one unit, at an exercise price of \$0.65 per unit, for a period of 36 months from the issuance date.

The fair value of the Broker Warrants was determined to be \$26,919, estimated using the Black-Scholes Model. The inputs to compute the fair value of the Broker Warrants match the input of the Unit Warrants above. The fair value of the Broker Options was determined to be \$126,033, estimated using the Black-Scholes Model. The inputs to compute the fair value of the Broker Options is based on the inputs used to compute the fair value of the Unit Warrants, and the following assumptions for the Broker Options: an underlying share price of \$0.67, an exercise price of \$0.65, a risk-free rate of 2.47%, an expected volatility of 92.45%, an expected life of 3 years and an expected dividend yield of 0%. The Compensation Shares were treated as transaction costs and fair value was determined to be \$105,458, based on an underlying share price of \$0.67.

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

The total transaction costs of \$633,774 were allocated based on the relative fair value of the shares and the warrants. Transaction costs of \$504,893 were recorded as a reduction to the common shares issued within equity.

(c) Warrants

The numbers of warrants outstanding at March 31, 2025 and December 31, 2025 were as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Outstanding as at March 31, 2025	8,152,379	1.03
Third Archerwill Prepayment Warrants (Note 11)	14,466,568	0.57
Unit Warrants (Note 12(b))	1,573,999	0.98
Broker Warrants (Note 12(b))	78,700	0.98
Expired warrants	(666,666)	1.20
Expired warrants	(333,333)	0.66
Outstanding as at December 31, 2025	23,271,647	0.75

The following table is a summary of the Company's warrants outstanding as at December 31, 2025:

	Warrants outstanding	Weighted average exercise price
Expiration date	#	\$
December 31, 2026	3,244,757	1.50
August 5, 2027	1,733,333	0.75
August 5, 2027	16,640,858	0.57
September 19, 2028	1,652,699	0.98
	23,271,647	0.75

The following table is a summary of the Company's warrants outstanding as at March 31, 2025:

	Warrants outstanding	Weighted average exercise price
Expiration date	#	\$
August 30, 2025	666,666	1.20
August 30, 2025	333,333	0.66
December 31, 2026	3,244,757	1.50
August 5, 2027	1,733,333	0.75
August 5, 2027	2,174,290	0.57
	8,152,379	1.03

(d) Share options

The Company has a share option plan (the "Option Plan") for directors, officers, employees and consultants of the Company. The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting periods, and the exercise price of options granted to individuals under the Option Plan.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company's Option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the Common Shares that are outstanding unless the Board of Directors shall have increased such limit by a resolution of the Board. In addition, the aggregate number of Common Shares so reserved for issuance to one person may not exceed 5% of the total issued and outstanding common shares. If any options terminate, expire, or are cancelled, the number of options so terminated, expired or cancelled shall again be available under the plan.

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

The change in the number of share options outstanding during the period are as follows:

	December 31, 2025		December 31, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	\$	#	\$
Options outstanding, beginning of period	6,394,998	0.34	854,166	1.00
Options granted (Note 12(b))	—	—	5,725,000	0.28
Options forfeited	(301,667)	0.30	(10,833)	1.50
Options expired	—	—	(3,336)	4.80
Options outstanding, end of period	6,093,331	0.34	6,564,997	0.37
Options exercisable, end of period	3,380,831	0.39	2,282,081	0.54

During the three and nine months ended December 31, 2025, the Company recognized \$49,479 and \$196,530 in share-based compensation expense for options (2024 – \$135,886 and \$631,256).

The following table is a summary of the Company's share options outstanding as at December 31, 2025:

Options outstanding			Options exercisable	
Exercise price	Number outstanding	Weighted average remaining contractual life [years]	Weighted average exercise price	Number exercisable
\$	#	#	\$	#
0.26	2,550,000	3.28	0.26	1,275,000
0.29	2,875,000	3.44	0.29	1,437,500
0.63	500,000	2.66	0.63	500,000
1.50	168,331	0.19	1.50	168,331
0.34	6,093,331	3.22	0.39	3,380,831

The following table is a summary of the Company's share options outstanding as at December 31, 2024:

Options outstanding			Options exercisable	
Exercise price	Number outstanding	Weighted average remaining contractual life [years]	Weighted average exercise price	Number exercisable
\$	#	#	\$	#
0.26	2,550,000	4.28	0.26	637,500
0.29	3,175,000	4.44	0.29	793,750
0.63	500,000	3.66	0.63	500,000
1.50	339,997	0.88	1.50	350,831
0.37	6,564,997	4.13	0.54	2,282,081

(e) RSUs

On June 6, 2025, the Company adopted a Long-Term Incentive Plan (the "LITP"), which allows the Board of Directors to grant long-term equity-based awards, including RSUs, DSUs, and performance share units ("PSUs"), to eligible participants. The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the LITP and the term and vesting period of the awards granted to individuals under the LITP. Each award converts into one common share of the Company.

On June 6, 2025, the Company granted 2,000,000 RSUs to various members of management. The RSUs vest in three equal tranches on the first, second and third anniversaries of the grant date. The RSUs had a grant date fair

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

value of \$0.35 per RSU based on the price of the Company's common shares on the date of grant. The fair value of the awards is recognized over the vesting period of each tranche, with the expense recognized in share-based compensation expense and a corresponding increase to contributed surplus. During the three and nine months ended December 31, 2025, the Company recognized \$107,806 and \$243,735 in share-based compensation expense for RSUs (2024 – \$nil and \$nil).

The changes in the number of RSUs during the nine months ended December 31, 2025 are as follows:

	Number of RSUs
	#
Outstanding, beginning of period	—
Granted during the period	2,000,000
Outstanding, end of period	2,000,000

(f) DSUs

On June 6, 2025, and August 28, 2025, the Company granted 3,000,000 and 750,000 DSUs, respectively, to various members of management. All DSUs vest on the third anniversary of the date of the grant. The DSUs had a grant date fair value of \$0.35 and \$0.67 per DSU, respectively, based on the price of the Company's common shares on the date of grant. The fair value of the DSUs on the date of grant is expensed over the vesting period, with the expense recognized in share-based compensation expense and a corresponding increase to contributed surplus. During the three and nine months ended December 31, 2025, the Company recognized \$165,528 and \$304,418 in share-based compensation expense for DSUs (2024 – \$nil and \$nil).

The changes in the number of DSUs during the nine months ended December 31, 2025 are as follows:

	Number of DSUs
	#
Outstanding, beginning of period	—
Granted during the period	3,750,000
Outstanding, end of period	3,750,000

(g) Broker options

Each broker option (Note 12(b)) is exercisable to acquire one unit, at an exercise price of \$0.65 per unit, for a period of 36 months from the issuance date. Each unit is comprised of one common share and one-half common share purchase warrant. The changes in the number of broker options during the nine months ended December 31, 2025, are as follows:

	Number of Options
	#
Outstanding, beginning of period	—
Granted during the period	220,360
Outstanding, end of period	220,360

13 Income (loss) per share

The Company presents basic and diluted EPS data for its shares. Basic EPS is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year. Diluted EPS is determined by adjusting net income (loss) and the weighted average number of common shares outstanding, for the effects of all dilutive potential shares.

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

	For the three months ended December 31,		For the nine months ended December 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Net income (loss) for the period	672,884	(1,220,589)	(7,693,612)	2,231,502
Weighted average number of shares for basic EPS	120,302,960	116,997,561	118,235,583	116,997,561
Basic and diluted EPS	\$0.006	\$(0.0110)	\$(0.065)	\$0.019

The Company has five categories of potentially dilutive securities: convertible debentures, warrants, share options, RSUs, and DSUs. Basic and diluted income (loss) per share were the same for the three and nine months ended December 31, 2025 and 2024, as the exercise of any potentially dilutive instruments would be anti-dilutive.

14 Finance expense, net

Finance expense, net for the three and nine months ended December 31, 2025 and 2024 consists of the following:

	For the three months ended December 31,		For the nine months ended December 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Interest on lease obligations (Note 6)	467,531	640,496	1,612,226	1,941,088
Interest on notes payable (Note 9)	337,076	397,667	991,483	1,578,326
Interest on borrowings (Note 10)	303,659	91,565	519,531	249,040
Interest on convertible debentures (Note 11)	—	746,795	1,339,911	1,667,801
Gain on modification of notes payable (Note 9)	—	—	(181,934)	—
Gain on extinguishment of convertible debentures (Note 11)	—	—	(15,168)	—
Warrants issued (Note 11,12)	—	—	6,875,343	53,146
Other finance expense (income)	110,621	(1,910)	85,424	1,818
	1,218,887	1,874,613	11,226,816	5,491,219

15 Nature of expenses

General and administrative expenses for the three and nine months ended December 31, 2025 and 2024 consists of the following:

	For the three months ended December 31,		For the nine months ended December 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Salaries, wages and benefits	2,341,703	3,381,927	10,296,565	10,030,665
General operating	1,683,775	1,583,389	4,500,660	4,184,720
Professional fees	1,129,813	447,807	2,297,549	2,577,023
Occupancy expense	72,899	96,321	229,654	229,617
	5,228,190	5,509,444	17,324,428	17,022,025

16 Segmented information

The Company reports segment information based on internal reports used by the Chief Operating Decision makers ("CODM") to make operating and resource decisions and to assess performance. The CODM is represented by the Chief Executive Officer, Chief Operating Officer, Chief Cultivation Officer, and Chief Financial Officer. The CODM makes decisions and assesses performance of the Company through two reportable and operating segments. The Company cultivates and distributes cannabis related products via federally approved cannabis

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

programs by way of its Licensed Producer business. In addition, Company operates its clinic business through its CHC subsidiary. The Company derives substantially all of its revenue from these two segments.

The Company primarily operates in one principal geographical area, Canada, accordingly all of the Company's long-lived assets are located in Canada. For the three and nine months ended December 31, 2025, the Company generated revenue of \$nil and \$3,338,093 in Portugal (2024 – \$nil and \$669,500).

The following table presents details on the Company's segments for the three months ended December 31, 2025:

	Licensed producer	CHC	Corporate	Consolidated
	\$	\$	\$	\$
Revenue				
Product revenue	20,398,181	95,508	—	20,493,689
Referral revenue and other	217,284	1,708,654	—	1,925,938
Less: excise tax	(5,248,498)	—	—	(5,248,498)
Net revenue	15,366,967	1,804,162	—	17,171,129
Cost of sales	7,622,164	—	—	7,622,164
Gross profit before fair value adjustments	7,744,803	1,804,162	—	9,548,965
Fair value adjustments on biological assets	260,750	—	—	260,750
Fair value adjustments on sale of inventory	(673,251)	—	—	(673,251)
Gross profit	7,332,302	1,804,162	—	9,136,464
Expenses	5,650,344	1,614,957	69,386	7,334,687
Operating income (loss)	1,681,958	189,205	(69,386)	1,801,777
Finance expense, net	1,342,858	97,282	(221,253)	1,218,887
Other (income) loss	205,833	(9,357)	(399,998)	(203,522)
Income (loss) before income taxes	133,267	101,280	551,865	786,412
Income tax (recovery) expense	16,526	97,002	—	113,528
Net income (loss) and comprehensive income (loss) for the period	116,741	4,278	551,865	672,884

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

The following table presents details on the Company's segments for the nine months ended December 31, 2025:

	Licensed producer	CHC	Corporate	Consolidated
	\$	\$	\$	\$
Revenue				
Product revenue	68,125,150	273,053	—	68,398,203
Referral revenue and other	220,860	5,056,421	—	5,277,281
Less: excise tax	(15,206,840)	—	—	(15,206,840)
Net revenue	53,139,170	5,329,474	—	58,468,644
Cost of sales	29,718,633	—	—	29,718,633
Gross profit before fair value adjustments	23,420,537	5,329,474	—	28,750,011
Fair value adjustments on biological assets	2,124,074	—	—	2,124,074
Fair value adjustments on sale of inventory	(3,013,815)	—	—	(3,013,815)
Gross profit	22,530,796	5,329,474	—	27,860,270
Expenses	17,684,276	4,655,580	1,610,626	23,950,482
Operating income (loss)	4,846,520	673,894	(1,610,626)	3,909,788
Finance expense, net	3,302,883	230,007	7,693,926	11,226,816
Other income	200,441	(29,789)	789	171,441
Income (loss) before income taxes	1,343,196	473,676	(9,305,341)	(7,488,469)
Income tax (recovery) expense	(181,398)	386,541	—	205,143
Net income (loss) and comprehensive income (loss) for the period	1,524,594	87,135	(9,305,341)	(7,693,612)

The following table presents details on the Company's segments for the three months ended December 31, 2024:

	Licensed producer	CHC	Corporate	Consolidated
	\$	\$	\$	\$
Revenue				
Product revenue	24,151,972	79,463	—	24,231,435
Referral revenue and other	2,042	1,365,839	—	1,367,881
Less: excise tax	(5,644,261)	—	—	(5,644,261)
Net revenue	18,509,753	1,445,302	—	19,955,055
Cost of sales	9,534,776	—	—	9,534,776
Gross profit before fair value adjustments	8,974,977	1,445,302	—	10,420,279
Fair value adjustments on biological assets	475,921	—	—	475,921
Fair value adjustments on sale of inventory	(2,284,482)	—	—	(2,284,482)
Gross profit	7,166,416	1,445,302	—	8,611,718
Expenses	4,671,433	1,310,618	1,714,897	7,696,948
Operating income (loss)	2,494,983	134,684	(1,714,897)	914,770
Finance expense, net	817,456	32,175	1,024,982	1,874,613
Other expense (income)	(64,249)	14,689	—	(49,560)
Income (loss) before income taxes	1,741,776	87,820	(2,739,879)	(910,283)
Income tax expense	192,804	117,502	—	310,306
Net income (loss) and comprehensive income (loss) for the period	1,548,972	(29,682)	(2,739,879)	(1,220,589)

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

The following table presents details on the Company's segments for the nine months ended December 31, 2024:

	Licensed producer	CHC	Corporate	Consolidated
	\$	\$	\$	\$
Revenue				
Product revenue	73,632,607	203,962	—	73,836,569
Referral revenue and other	4,080	4,035,433	—	4,039,513
Less: excise tax	(16,329,897)	—	—	(16,329,897)
Net revenue	57,306,790	4,239,395	—	61,546,185
Cost of sales	28,615,753	—	—	28,615,753
Gross profit before fair value adjustments	28,691,037	4,239,395	—	32,930,432
Fair value adjustments on biological assets	5,250,248	—	—	5,250,248
Fair value adjustments on sale of inventory	(4,679,641)	—	—	(4,679,641)
Gross profit	29,261,644	4,239,395	—	33,501,039
Expenses	14,866,228	3,673,067	4,993,074	23,532,369
Operating income (loss)	14,395,416	566,328	(4,993,074)	9,968,670
Finance expense (income), net	2,458,963	105,199	2,927,057	5,491,219
Other income	(143,271)	(29,385)	—	(172,656)
Income (loss) before income taxes	12,079,724	490,514	(7,920,131)	4,650,107
Income tax expense (recovery)	2,015,811	420,154	(17,360)	2,418,605
Net income (loss) and comprehensive income (loss) for the period	10,063,913	70,360	(7,902,771)	2,231,502

Non-current assets as at December 31, 2025 and March 31, 2025 were as follows:

	Licensed producer	CHC	Total
	\$	\$	\$
December 31, 2025			
Right-of-use assets, net	15,823,693	852,322	16,676,015
Property, plant and equipment, net	17,864,597	61,371	17,925,968
Intangible assets, net	10,711,717	5,656,666	16,368,383
	44,400,007	6,570,359	50,970,366
March 31, 2025			
Right-of-use assets, net	11,035,875	719,764	11,755,639
Property, plant and equipment, net	18,578,433	91,602	18,670,035
Intangible assets, net	12,241,717	6,373,666	18,615,383
	41,856,025	7,185,032	49,041,057

17 Contingencies

In the ordinary course of business, from time to time, the Company is involved in various claims related to operations, rights, commercial, employment or other claims. While the outcome of these matters may not be estimable at the reporting date, the Company makes provision, where possible, for the estimate outcome of such claims or proceedings.

18 Related party transactions

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly and consists of the Chief Executive Officer, Chief Financial Officer, Chief Cultivation Officer, Chief Operating Officer, President, and Directors.

MTL Cannabis Corp.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2025 and 2024

[unaudited] [expressed in Canadian dollars, except share amounts]

Compensation expense, which consists of salaries, benefits and bonuses for the Company's key management personnel for the three and nine months ended December 31, 2025, was \$795,838 and \$3,448,135 (2024 – \$609,295 and \$1,893,537). Compensation expense for the nine months ended December 31, 2025 includes 2,000,000 RSUs and 3,000,000 DSUs granted to key management personnel on June 6, 2025, and 750,000 DSUs granted on August 28, 2025. The aggregate fair value of the RSUs and DSUs granted was \$700,000 and \$1,552,000, respectively. The Company recognized \$107,806 and \$243,734 in expense for RSUs granted and \$88,139 and \$199,270 in expense for DSUs granted during the three and nine months ended December 31, 2025, respectively.

During the three and nine months ended December 31, 2025, the Company purchased \$875,161 and \$2,248,250 (2024 – \$308,500 and \$2,710,088) of equipment and services at market rates from companies owned by key management personnel. As of December 31, 2025, the Company had an outstanding balance of \$919,937 (March 31, 2025 – \$3,150,207) recorded in trade and other payables.

During the three and nine months ended December 31, 2025, the Company made rental and lease payments to related parties totaling \$672,747 and \$2,018,241 (2024 – \$830,067 and \$2,710,740).

On July 30, 2025, the Company also issued two new promissory notes to the Chief Cultivation Officer and Chief Operating Officer in the amount of \$2,312,358 per note. The new notes mature on August 30, 2028, subject to demand by the lender, and bear interest at 17% per annum (Note 9). During the three and nine months ended December 31, 2025, the Company accrued interest of \$337,076 and \$802,351 (2024 – \$193,625 and \$381,629) on notes payable balances from the Chief Cultivation Officer and Chief Operating Officer, or companies controlled by the Chief Cultivation Officer and Chief Operating Officer. The Company repaid \$nil and \$1,251,924 during the three and nine months ended December 31, 2025 (2024 – \$374,855 and \$864,979). As of December 31, 2025, the Company had an outstanding balance payable of \$8,526,477 (March 31, 2025 – \$4,533,268) recorded in notes payable in relation to these notes (Note 9).

During the three and nine months ended December 31, 2025, the Company accrued interest of \$nil and \$114,817 (2024 – \$111,725 and \$332,386) on a promissory note from a director. The Company repaid \$nil and \$4,253,425 during the three and nine months ended December 31, 2025 (2024 – \$98,570 and \$318,319). As of December 31, 2025, the Company had an outstanding balance payable of \$nil (March 31, 2025 – \$4,138,607) recorded in notes payable (Note 9).

19 Capital management

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic growth and to provide returns to its shareholders. The Company defines capital as the aggregate of its capital shares, notes payable, borrowings, and convertible debentures.

Total managed capital is as follows:

	December 31, 2025	March 31, 2025
	\$	\$
Notes payable	8,526,477	14,552,353
Borrowings	18,700,002	350,438
Convertible debentures	—	7,583,236
Share capital	12,306,550	11,075,877
	39,533,029	33,561,904

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. The Company is not subject to any externally imposed capital requirements.