

Mercanto Holdings Inc. Reports Q1 Fiscal 2026 Financial Results

MONTRÉAL, Dec. 29, 2025 /CNW/ - Mercanto Holdings Inc. (TSX-V: MUSH) (the "Company" or "Mercanto"), a Québec-based cannabis product company focused on the Canadian regulated market, today reported its financial results for the three months ended **October 31, 2025** ("Q1 Fiscal 2026").

Q1 Fiscal 2026 Highlights

- **Revenue of \$900,013**, representing a **9% increase year-over-year**
- **Net revenue of \$784,529**, after excise taxes
- Continued disciplined cost management, with material reductions in selling and marketing expenses
- **Cash balance of \$310,237** at quarter-end.
- Successful **execution of new product launches early in Q2 Fiscal 2026**, positioning the Company in higher-growth vape categories
- **No long-term debt**, maintaining a conservative and flexible balance sheet
- **Tight capital structure**, with **51,674,683 common shares outstanding**

Financial Performance Overview

For Q1 Fiscal 2026, Mercanto generated revenue of **\$900,013**, compared to **\$824,225** in the same period last year. The increase reflects modest volume growth and continued presence in the Québec market, which remains the Company's largest province by revenue.

Gross margin for the quarter was impacted by **temporary product-mix dynamics**, including a higher proportion of flow-through SKUs in Ontario and concentrates over-all. These factors were partially offset by **lower selling, freight, and marketing expenses**, as management continued to operate with a disciplined, asset-light cost structure.

The Company reported a **net loss of \$146,213** for the quarter, compared to a net loss of **\$55,222** in Q1 Fiscal 2026.

Management believes its current liquidity profile, combined with favorable supplier terms and a capital-efficient operating model, provides adequate flexibility to support near-term operations and product rollouts.

Operational and Subsequent Highlights

- **Québec Listing Framework Improvements:** Subsequent to quarter-end, Québec implemented revised listing procedures that provide for minimum one-year in-store listing in some product categories, not all, and enhanced predictability. Management expects these changes to materially improve planning, forecasting, and certain category stability going forward.
- **Vape Category Expansion:** In November 2025, the Company launched **one vape battery and three vape cartridges in Québec**, alongside the transition of two existing SKUs from the discontinued nursery program to full-store availability. Early indicators from these launches have been very encouraging.
- **Portfolio Rebalancing:** The Company continues to evolve its product mix toward **higher-growth categories**, with a focus on formats that better align with consumer demand and long-term margin objectives.

Outlook

While Q1 Fiscal 2026 reflected a period of transition following product rationalization and category shifts in Québec, management believes the combination of improved listing mechanics, new vape product introductions, and continued cost discipline positions Mercanto for **improved revenue diversification and operational momentum in Calendar 2026**.

About Mercanto Holdings Inc.

Mercanto Holdings Inc. operates through its wholly owned subsidiary, Teonan Biomedical Inc., and is licensed by Health Canada to manufacture, package, and sell cannabis products in Canada. The Company's portfolio includes cannabis products sold under various brands, with distribution primarily in Québec and select other provinces.

Forward-Looking Information

This news release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively, "forward-looking statements"). Forward-looking statements include, but are not limited to, statements regarding the Company's expectations with respect to future financial performance, revenue diversification, margin profile, liquidity, product launches, category growth, provincial listing frameworks, consumer demand, operational momentum, and the timing and impact of any regulatory, commercial, or strategic initiatives.

Forward-looking statements are based on management's current beliefs, expectations, assumptions, and estimates as of the date of this news release, including assumptions regarding market conditions, provincial purchasing behaviour, regulatory environments, supply chain continuity, pricing, competition, and the Company's ability to execute its business strategy. Forward-looking statements are subject to known and unknown risks, uncertainties, and other factors that may cause actual results, performance, or achievements to differ materially from those expressed or implied by such statements.

Such risks and uncertainties include, without limitation: changes in provincial purchasing policies or listing criteria; fluctuations in consumer demand; pricing pressure and margin variability across product categories; regulatory changes or enforcement actions; supply chain disruptions; reliance on key customers and suppliers; competitive pressures; the Company's ability to successfully launch and scale new products; availability of capital and liquidity constraints; and other risks described in the Company's public disclosure documents filed on SEDAR+.

Forward-looking statements are provided for the purpose of assisting readers in understanding management's current views and plans and may not be appropriate for other purposes. Readers are cautioned not to place undue reliance on forward-looking statements. Except as required by applicable law, the Company undertakes no obligation to update, revise, or publicly release any forward-looking statements to reflect future events, circumstances, or changes in expectations, whether as a result of new information, future events, or otherwise.

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