

# Mercanto Provides Forward-Looking Operational Update on Q2 2026 Performance and Portfolio Trends

MONTREAL, Feb. 24, 2026 /CNW/ - Mercanto Holdings Inc. (TSXV: MUSH) (the "Company" or "Mercanto") is providing a forward-looking operational update in advance of the formal release of its Q2 2026 financial results. This update is intended to provide shareholders with early context regarding anticipated Q2 2026 performance across Mercanto's full product portfolio, as well as the operational dynamics that have influenced quarter-over-quarter results.

## Q2 2026 Context and Portfolio Dynamics

As previously disclosed, the Quebec vape cartridge category launched late in the second quarter of fiscal 2026, with Mercanto introducing three vape cartridge SKUs alongside an approved battery. While Mercanto's guidance relates to performance across its entire product portfolio, the introduction of vape cartridges and its battery has been the primary driver of the Company's transformational quarter-over-quarter sales growth. The Company's products were made available approximately one month into the quarter, leaving only approximately two months of vape cartridge and battery sales to be captured within the reporting period. This limited launch window coincided with the December holiday season and the initial rollout of an entirely new provincial product category, further contributing to variability in early sales patterns.

Given the novelty of the category, the staggered timing of the launch within the quarter and heightened holiday demand, initial sales activity was volatile and may not have been representative of normalized demand. Early purchasing patterns across the category have reflected uneven replenishment cycles, rapid sell-through in certain locations, and temporary stock-out weeks affecting both cartridges and batteries. These dynamics were not unique to Mercanto and were observed across multiple licensed producers participating in the initial rollout. As replenishment cycles have begun to stabilize, management is observing better than expected consistency in weekly ordering patterns and is encouraged by the current level of normalized sales.

## Supply Stabilization

Mercanto believes that the normalization of inventory flow and ordering cadence marks a meaningful transition point for the category, allowing for a more reliable assessment of underlying consumer demand, which management believes has now normalized at levels above those originally anticipated at launch, subject to ongoing market conditions.

## Q2 2026 Preliminary Financial Guidance and Year-Over-Year Comparison

The Company is providing the following preliminary, unaudited financial guidance ranges for the second quarter ended January 31, 2026, together with comparisons to the same quarter in the prior fiscal year:

- **Revenue:** \$2.05M - \$2.2M, representing over 110% growth compared to \$1,003,116 in Q2 2025.
- **Net Profit (Loss):** \$150K - \$190K, compared to a net loss of \$(109,215) in Q2 2025.
- **EBITDA:** \$220K - \$270K, compared to EBITDA of \$(96,038) in Q2 2025.

Notwithstanding the volatility inherent to a new category launch, early sell-through across Mercanto's vape portfolio has exceeded internal expectations and is expected to meaningfully contribute to overall Company performance for the quarter and the year. Management views the initial

performance as a strong validation of product-market fit and brand positioning within the Quebec market.

Management views the successful entry into the vape category as potentially pivotal for Mercanto, given its impact on portfolio breadth, revenue diversification, and overall growth trajectory into the future.

## **Forward-Looking Information**

This press release contains forward-looking information and forward-looking statements within the meaning of applicable Canadian securities laws (collectively, "forward-looking information"). Forward-looking information is generally identified by words such as "expects," "anticipates," "believes," "intends," "estimates," "plans," "projects," "may," "will," "should," "could," and similar expressions.

Forward-looking information in this press release includes, without limitation, statements and guidance regarding anticipated Q2 2026 financial performance, including expected revenue, gross margin, EBITDA, operating expenses, working capital, cash position, quarter-over-quarter and year-over-year comparisons, product demand, supply stability, ordering patterns, sales run rates, and the potential impact of the vape cartridge category on the Company's overall business. This press release also contains preliminary and unaudited financial information for the quarter ended January 31, 2026, which is based on management's current estimates and is subject to the completion of customary quarter-end closing procedures, final adjustments, and review by the Company's auditors. Accordingly, actual reported results may differ from the preliminary financial information presented herein.

Forward-looking information is based on management's current expectations, assumptions, and estimates, including assumptions regarding consumer demand, provincial purchasing behavior, inventory replenishment cycles, pricing, regulatory conditions, production capacity, supply chain stability, and general economic and market conditions. Although the Company believes that the assumptions underlying such forward-looking information are reasonable, they may prove to be incorrect.

Actual results and financial performance may differ materially from those expressed or implied by forward-looking information due to known and unknown risks, uncertainties, and other factors, including but not limited to changes in consumer preferences, competitive dynamics, regulatory or policy changes, delays or disruptions in supply chains, inventory availability, pricing pressures, operational execution, and broader market conditions. Readers are cautioned not to place undue reliance on forward-looking information.

The forward-looking information contained in this press release is provided as of the date hereof, and the Company undertakes no obligation to update or revise such information, whether as a result of new information, future events, or otherwise, except as required by applicable law.

## **About Mercanto Holdings Inc.**

Mercanto Holdings Inc. is a publicly traded cannabis company focused on the development, manufacturing, and distribution of consumer cannabis products in Canada, with a particular emphasis on the Quebec market.

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CNW 09:13e 24-FEB-26