

**GROWN ROGUE INTERNATIONAL INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders  
of Grown Rogue International, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Grown Rogue International, Inc. (the “Company”) as of December 31, 2025 and 2024, and the related consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders’ equity, and cash flows for the years then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Basis of Accounting**

We draw attention to Note 2 to the financial statements, which describes the change in the Company’s financial reporting framework. As described in Note 2, effective January 1, 2025, the Company transitioned from preparing its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) to preparing its consolidated financial statements in accordance with U.S. GAAP. Our opinion is not modified with respect to this matter.

*/s/ Turner, Stone & Company, L.L.P.*

Turner, Stone & Company, L.L.P.

We have served as the Company’s auditor since 2021.  
Dallas, Texas

April 8, 2026

**Grown Rogue International Inc.****Consolidated Balance Sheets**

As at December 31, 2025 and 2024

(Expressed in United States Dollars)

	December 31, 2025	December 31, 2024 (Note 3,1)
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	11,371,834	4,917,708
Accounts receivable, net (Note 5)	2,908,270	1,557,125
Inventory (Note 6)	7,081,295	5,941,551
Prepaid expenses	563,912	699,362
Current portion of notes receivable (Note 9)	253,403	-
<b>Total current assets</b>	<b>22,178,714</b>	<b>13,115,746</b>
<b>Other long-term assets</b>		
Other long-term assets	300,000	200,000
Warrants asset (Note 7)	5,103,272	4,855,795
Other Investments (Note 8)	1,358,860	575,967
Notes receivable (Note 9)	1,683,757	1,538,011
Lease receivable (Note 11)	94,022	-
Property and equipment, net (Note 10)	14,055,552	14,044,233
Right of use assets (Note 11)	13,414,406	7,591,048
Deferred tax asset (Note 22)	1,522,760	692,105
Intangible assets (Note 12)	3,025,193	3,025,193
<b>TOTAL ASSETS</b>	<b>62,736,536</b>	<b>45,638,098</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,262,519	2,690,907
Current portion of operating lease liabilities (Note 11)	844,421	1,047,763
Current portion of finance lease liabilities (Note 11)	152,705	-
Current portion of long-term debt (Note 13)	2,576,228	227,680
Convertible debentures (Note 15)	-	663,736
Current portion of consideration payable on business acquisitions (Note 14)	455,844	536,881
Derivative liability (Note 16)	137,041	12,504,180
Income tax payable (Note 22)	296,018	1,916,726
<b>Total current liabilities</b>	<b>5,724,776</b>	<b>19,587,873</b>
Operating lease liabilities, net of current portion (Note 11)	13,010,805	6,699,808
Finance lease liabilities, net of current portion (Note 11)	67,782	-
Long-term debt, net of discounts and current portion (Note 13)	10,019,301	2,074,110
Consideration payable on business acquisitions, net of discounts and current portion (Note 14)	1,611,637	1,693,540
Other non-current liabilities (Note 22)	8,383,888	5,007,148
<b>TOTAL LIABILITIES</b>	<b>38,818,189</b>	<b>35,062,479</b>
Commitments and contingencies (Note 28)		
Subsequent events (Note 29)		
<b>SHAREHOLDERS' EQUITY</b>		
Subordinate voting common shares, convertible into multiple voting common shares, no par value; unlimited shares authorized; 249,738,980 and 222,446,113 shares issued and outstanding as at December 31, 2025 and 2024, respectively (Notes 18, 19, 20)	62,589,075	52,365,328
Multiple voting common shares, no par value; unlimited shares authorized; nil and nil shares issued and outstanding as at December 31, 2025 and 2024, respectively (Note 18)	-	-
Accumulated other comprehensive loss	(121,906)	(125,930)
Accumulated deficit	(41,563,955)	(43,293,760)
Equity attributable to Grown Rogue International, Inc. shareholders	20,903,214	8,945,638
Non-controlling interests (Note 27)	3,015,133	1,629,981
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>23,918,347</b>	<b>10,575,619</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>62,736,536</b>	<b>45,638,098</b>

The accompanying notes form an integral part of these consolidated financial statements.

**Grown Rogue International Inc.****Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

For the years ended December 31, 2025 and 2024

(Expressed in United States Dollars, except share amounts)

	2025	2024
	\$	(Note 3.1) \$
<b>Revenue</b>		
Product sales	32,427,936	25,364,193
Service revenue	-	1,258,131
<b>Total revenue</b>	<b>32,427,936</b>	<b>26,622,324</b>
<b>Cost of goods sold</b>		
Cost of finished cannabis inventory sold	(18,281,254)	(13,172,677)
Costs of service revenue	-	(206,669)
<b>Total cost of goods sold</b>	<b>(18,281,254)</b>	<b>(13,379,346)</b>
<b>Gross profit</b>	<b>14,146,682</b>	<b>13,242,978</b>
<b>Operating expenses</b>		
Amortization (Notes 10, 11)	702,258	993,379
General and administrative	11,643,917	10,580,794
Share-based compensation (Notes 19, 20)	2,393,994	1,608,823
<b>Total operating expenses</b>	<b>14,740,169</b>	<b>13,182,996</b>
<b>Income (loss) from operations</b>	<b>(593,487)</b>	<b>59,982</b>
<b>Other income (expense)</b>		
Interest expense (Note 13,15)	(150,331)	(77,513)
Accretion expense (Notes 13,14,15)	(1,234,423)	(1,836,440)
Other income (Note 11)	932,730	1,090,649
Interest income (Note 9)	179,731	350,656
Unrealized gain (loss) on derivative liability (Note 16)	44,917	(7,754,402)
Realized gain (loss) on derivative liability (Note 16)	5,859,744	(5,049,209)
Unrealized gain on warrant asset (Note 7)	247,477	3,094,413
Realized loss on warrant liability (Note 17)	-	(1,741,710)
Loss on equity investment in associate (Note 8)	(452,962)	(251,230)
<b>Total other income (expense), net</b>	<b>5,426,883</b>	<b>(12,174,786)</b>
<b>Income (loss) before income tax expense</b>	<b>4,833,396</b>	<b>(12,114,804)</b>
Income tax expense (Note 22)	(1,603,439)	(3,864,547)
<b>Net income (loss)</b>	<b>3,229,957</b>	<b>(15,979,351)</b>
Other comprehensive income (loss)		
Currency translation adjustment	4,024	(17,861)
<b>Total comprehensive income (loss)</b>	<b>3,233,981</b>	<b>(15,997,212)</b>
Basic and diluted income (loss) per share (Note 21)	0.01	(0.08)
Basic and diluted weighted average number of subordinate voting common shares outstanding	243,446,152	209,441,723
<b>Net income (loss) for the period attributable to:</b>		
Shareholders	1,729,805	(16,006,379)
Non-controlling interest	1,500,152	27,028
<b>Net income (loss)</b>	<b>3,229,957</b>	<b>(15,979,351)</b>
<b>Comprehensive income (loss) for the period attributable to:</b>		
Shareholders	1,733,829	(16,024,240)
Non-controlling interest	1,500,152	27,028
<b>Total comprehensive income (loss)</b>	<b>3,233,981</b>	<b>(15,997,212)</b>

The accompanying notes form an integral part of these consolidated financial statements.

## Grown Rogue International Inc.

### Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2025 and 2024

(Expressed in United States Dollars, except share amounts)

	Subordinate voting common shares		Accumulated other comprehensive income (loss) \$	Accumulated deficit \$	Non-controlling interests \$	Total shareholders' equity \$
	Number #	Amount \$				
Balance - December 31, 2023 (Note 2)	182,005,886	31,799,364	(108,069)	(25,888,871)	1,013,324	6,815,748
Exercise of stock options	3,686,308	359,958	-	-	-	359,958
Settlement of December Convertible Debentures	2,413,525	1,343,255	-	-	-	1,343,255
Settlement of July Convertible Debentures	5,388,062	3,208,273	-	-	-	3,208,273
Settlement of August Convertible Debentures	5,682,083	3,550,940	-	-	-	3,550,940
Conversion of warrants relating to December Convertible Debentures	6,716,499	3,091,592	-	-	-	3,091,592
Conversion of warrants relating to July Convertible Debentures	13,737,500	6,262,047	-	-	-	6,262,047
Conversion of warrants relating to August Convertible Debentures	2,816,250	1,267,990	-	-	-	1,267,990
Share issuance costs	-	(126,914)	-	-	-	(126,914)
Acquisition of 43.48% of Grown Rogue West New York, LLC	-	-	-	(18,750)	806,250	787,500
Acquisition of 70% of ABCO Garden State, LLC	-	-	-	-	848,571	848,571
Dividend issued from Golden Harvests, LLC to minority owner	-	-	-	-	(530,000)	(530,000)
Grown Rogue Unlimited, LLC buyout of Canopy Management, LLC and Canopy Management, LLC's acquisition of 20% of Golden Harvests, LLC	-	-	-	(1,914,952)	-	(1,914,952)
Grown Rogue Unlimited, LLC buyout of Canopy Management, LLC and acquisition of 20% of Golden Harvests, LLC	-	-	-	570,996	(570,996)	-
Roll off of non-controlling interest in GR Michigan LLC	-	-	-	(35,804)	35,804	-
Share-based compensation expense	-	1,608,823	-	-	-	1,608,823
Currency translation adjustment	-	-	(17,861)	-	-	(17,861)
Net income (loss)	-	-	-	(16,006,379)	27,028	(15,979,351)
Balance - December 31, 2024 (Note 2)	222,446,113	52,365,328	(125,930)	(43,293,760)	1,629,981	10,575,619
Exercise of stock options	2,764,167	406,944	-	-	-	406,944
Settlement of July Convertible Debentures	24,065,125	7,422,809	-	-	-	7,422,809
Settlement of restricted share units	463,575	-	-	-	-	-
Dividend issued from Golden Harvests, LLC to minority owner	-	-	-	-	(115,000)	(115,000)
Share-based compensation expense	-	2,393,994	-	-	-	2,393,994
Currency translation adjustment	-	-	4,024	-	-	4,024
Net income	-	-	-	1,729,805	1,500,152	3,229,957
<b>Balance - December 31, 2025</b>	<b>249,738,980</b>	<b>62,589,075</b>	<b>(121,906)</b>	<b>(41,563,955)</b>	<b>3,015,133</b>	<b>23,918,347</b>

The accompanying notes form an integral part of these consolidated financial statements.

**Grown Rogue International Inc.****Consolidated Statements of Cash Flows**

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars, unless otherwise indicated)

	2025	2024
	\$	Note 3.1 \$
<b>Operating activities</b>		
Net income (loss)	3,229,957	(15,979,351)
Adjustments for non-cash items in net income (loss):		
Depreciation of property and equipment	702,258	993,379
Depreciation of property and equipment included in costs of finished cannabis inventory sold	2,140,694	436,047
Lease costs included in costs of finished cannabis inventory sold	549,964	328,957
Share-based compensation	2,393,994	1,608,823
Interest expense	150,331	-
Accretion expense	1,234,423	1,836,440
Other income	(165,743)	-
Interest income	(149,149)	-
Unrealized (gain) loss on derivative liability	(44,917)	7,754,402
Realized (gain) loss on derivative liability	(5,859,744)	5,049,209
Unrealized gain on warrant asset	(247,477)	(3,094,413)
Realized loss on warrant liability	-	1,741,710
Loss on equity investment in associate	452,962	251,230
Loss on disposal of property and equipment	-	(50,057)
Deferred income taxes	(830,655)	(112,198)
	3,556,898	764,178
Changes in non-cash working capital (Note 23)	12,897	1,850,802
Net cash provided by operating activities	3,569,795	2,614,980
<b>Investing activities</b>		
Purchase of property and equipment	(4,659,006)	(4,082,154)
Acquisition of Golden Harvests LLC	(437,375)	-
Acquisition of Canopy Management, LLC	(173,157)	(271,438)
Dividend issued from Golden Harvests, LLC to minority owner	(115,000)	(530,000)
Advance of notes receivable	(250,000)	(1,547,678)
Repayment of notes receivable	-	266,417
Investment in ABCO Garden State, LLC	-	(1,980,000)
Cash acquired on investment in ABCO Garden State, LLC	-	2,815
Advance on purchase of remaining Rogue EBC, LLC equity interest	(1,235,855)	(827,197)
Net cash used in investing activities	(6,870,393)	(8,969,235)
<b>Financing activities</b>		
Proceeds from exercise of stock options	406,944	359,958
Proceeds from exercise of warrants	-	4,609,577
Proceeds from long-term debt	12,630,345	450,000
Debt issuance costs	(739,313)	(126,914)
Repayment of long-term debt	(2,467,521)	(1,141,437)
Payment of interest on convertible debentures	(79,755)	(453,439)
Proceeds from sale of units of subsidiary	-	787,500
Net cash provided by financing activities	9,750,700	4,485,245
Effect of foreign exchange on cash and cash equivalents	4,024	(17,861)
<b>Change in cash and cash equivalents</b>	<b>6,454,126</b>	<b>(1,886,871)</b>
Cash and cash equivalents, beginning of year	4,917,708	6,804,579
<b>Cash and cash equivalents, ending of year</b>	<b>11,371,834</b>	<b>4,917,708</b>

The accompanying notes form an integral part of these consolidated financial statements.

## **Grown Rogue International Inc.**

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

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

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#### **1. NATURE OF THE ORGANIZATION AND BUSINESS**

Grown Rogue International Inc. (the “Company”) was incorporated under the Business Corporations Act (Ontario) on November 1, 2018. The primary cannabis product produced and sold is cannabis flower. The registered office is located at 40 King St W Suite 5800, Toronto, ON M5H 3S1.

The Company is a cannabis operator in Oregon, Michigan, New Jersey and Illinois, USA and is engaged in the cultivation of and manufacturing of cannabis flower and extract products for wholesale and retail sales.

At the federal level, cannabis currently remains a Schedule I controlled substance under the Federal Controlled Substances Act of 1970. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, even in those states in which marijuana is legalized under state law, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance which is still illegal at the federal level. There remains uncertainty about the US federal government’s position on cannabis with respect to cannabis-legal status. A change in its enforcement policies could impact the ability of the Company to continue as a going concern.

#### **2. BASIS OF PRESENTATION**

These consolidated financial statements for the years ended December 31, 2025 and 2024 have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at fair value.

The Company determined that more than 50% of its common shares are held by U.S. stockholders, and accordingly no longer meets the definition of a foreign private issuer under the United States securities laws. As a result, commencing with the year ended December 31, 2025, the Company is required to use forms and rules prescribed for U.S. domestic companies, including the requirement that financial statements be presented in accordance with U.S. GAAP instead of IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board (“IFRS”).

These consolidated financial statements have been prepared in accordance with U.S. GAAP effective for the financial year ended December 31, 2025 and 2024. The 2024 comparative figures, which were previously presented in accordance with IFRS, have been adjusted as necessary to be compliant with the Company’s policies under U.S. GAAP.

The transition to U.S. GAAP has been applied retrospectively to all periods presented, including comparative information for the year ended December 31, 2024, and the consolidated balance sheet as of December 31, 2024 and January 1, 2024. A summary of the impacts of the transition are described below.

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

## 2. BASIS OF PRESENTATION (CONTINUED)

### Reconciliation of consolidated balance sheets as at January 1, 2024

	Note	IFRS \$	Effect of transition to U.S. GAAP \$	U.S. GAAP \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		6,804,579	-	6,804,579
Accounts receivable, net		1,642,990	-	1,642,990
Biological assets	(B)	1,723,342	(1,723,342)	-
Inventory	(B)	5,021,290	(444,799)	4,576,491
Prepaid expenses		420,336	-	420,336
<b>Total current assets</b>		<b>15,612,537</b>	<b>(2,168,141)</b>	<b>13,444,396</b>
Warrant asset		8,820,897	-	8,820,897
Notes receivable	(A)	2,449,122	(2,192,372)	256,750
Property and equipment, net	(A)(C)	1,761,382	(669,459)	1,091,923
Right of use assets	(A)(C)	-	2,976,405	2,976,405
Intangible assets		725,668	-	725,668
Deferred tax asset		246,294	-	246,294
<b>TOTAL ASSETS</b>		<b>29,615,900</b>	<b>(2,053,567)</b>	<b>27,562,333</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities		1,358,962	-	1,358,962
Current portion of lease liabilities	(C)	925,976	(925,976)	-
Current portion of operating lease liabilities	(A)(C)	-	925,976	925,976
Current portion of long-term debt		780,358	-	780,358
Current portion of consideration payable on business acquisitions		360,000	-	360,000
Derivative liability	(D)	7,471,519	10,863	7,482,382
Warrant liability	(D)	-	4,270,342	4,270,342
Income tax payable		873,388	-	873,388
<b>Total current liabilities</b>		<b>11,770,203</b>	<b>4,281,205</b>	<b>16,051,408</b>
Lease liabilities, net of current portion	(C)	1,972,082	(1,972,082)	-
Operating lease liabilities, net of current portion	(A)(C)	-	1,901,645	1,901,645
Long-term debt, net of discounts and current portion		82,346	-	82,346
Convertible debentures	(D)	2,459,924	(1,876,795)	583,129
Other non-current liabilities	(F)	-	2,128,057	2,128,057
<b>TOTAL LIABILITIES</b>		<b>16,284,555</b>	<b>4,462,030</b>	<b>20,746,585</b>
<b>SHAREHOLDERS' EQUITY</b>				
Subordinate voting common shares, convertible into multiple voting common shares, no par value; unlimited shares authorized; 249,738,980 and 222,446,113 shares issued and outstanding as at December 31, 2025 and 2024, respectively	(D)(E)	24,593,422	7,205,942	31,799,364
Multiple voting common shares, no par value; unlimited shares authorized; nil and nil shares issued and outstanding as at December 31, 2025 and 2024, respectively		-	-	-
Contributed surplus	(E)	8,186,297	(8,186,297)	-
Accumulated other comprehensive loss		(108,069)	-	(108,069)
Accumulated deficit	(A)(B)(C)(D)(F)	(20,353,629)	(5,535,242)	(25,888,871)
Equity attributable to Grown Rogue International, Inc. shareholders		12,318,021	(6,515,597)	5,802,424
Non-controlling interests		1,013,324	-	1,013,324
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>13,331,345</b>	<b>(6,515,597)</b>	<b>6,815,748</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>29,615,900</b>	<b>(2,053,567)</b>	<b>27,562,333</b>

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

## 2. BASIS OF PRESENTATION (CONTINUED)

### Reconciliation of consolidated balance sheets as at December 31, 2024

	Note	IFRS \$	Effect of transition to U.S. GAAP \$	U.S. GAAP \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	(A)	4,682,221	235,487	4,917,708
Accounts receivable, net	(A)	1,596,912	(39,787)	1,557,125
Biological assets	(B)	1,554,622	(1,554,622)	-
Inventory	(A)(B)	4,769,776	1,171,775	5,941,551
Prepaid expenses	(A)	864,009	(164,647)	699,362
Current portion of notes receivable	(A)	7,189,635	(7,189,635)	-
<b>Total current assets</b>		<b>20,657,175</b>	<b>(7,541,429)</b>	<b>13,115,746</b>
Other long-term assets	(A)	-	200,000	200,000
Warrant asset		4,855,795	-	4,855,795
Other Investments	(A)	1,810,363	(1,234,396)	575,967
Notes receivable	(A)	2,613,969	(1,075,958)	1,538,011
Property and equipment, net	(A)(C)	11,870,220	2,174,013	14,044,233
Right of use assets	(A)(C)	-	7,591,048	7,591,048
Intangible assets	(A)	1,257,668	1,767,525	3,025,193
Deferred tax asset	(A)	250,620	441,485	692,105
<b>TOTAL ASSETS</b>		<b>43,315,810</b>	<b>2,322,288</b>	<b>45,638,098</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	(A)	2,107,619	583,288	2,690,907
Current portion of lease liabilities	(A)	736,453	(736,453)	-
Current portion of operating lease liabilities	(A)(C)	-	1,047,763	1,047,763
Current portion of long-term debt		227,679	1	227,680
Convertible debentures	(D)	1,945,226	(1,281,490)	663,736
Current portion of consideration payable on business acquisitions		536,881	-	536,881
Derivative liability		12,504,175	5	12,504,180
Income tax payable	(A)	1,907,177	9,549	1,916,726
<b>Total current liabilities</b>		<b>19,965,210</b>	<b>(377,337)</b>	<b>19,587,873</b>
Lease liabilities	(C)	4,475,490	(4,475,490)	-
Operating lease liabilities, net of current portion	(A)(C)	-	6,699,808	6,699,808
Long-term debt, net of discounts and current portion	(A)	1,001,681	1,072,429	2,074,110
Consideration payable on acquisitions, net of discounts and current portion		1,693,540	-	1,693,540
Other non-current liabilities	(F)	269,883	4,737,265	5,007,148
<b>TOTAL LIABILITIES</b>		<b>27,405,804</b>	<b>7,656,675</b>	<b>35,062,479</b>
<b>SHAREHOLDERS' EQUITY</b>				
Subordinate voting common shares, convertible into multiple voting common shares, no par value; unlimited shares authorized; 249,738,980 and 222,446,113 shares issued and outstanding as at December 31, 2025 and 2024, respectively	(D)(E)	38,499,491	13,865,837	52,365,328
Multiple voting common shares, no par value; unlimited shares authorized; nil and nil shares issued and outstanding as at December 31, 2025 and 2024, respectively		-	-	-
Contributed surplus	(E)	9,025,541	(9,025,541)	-
Accumulated other comprehensive loss		(125,930)	-	(125,930)
Accumulated deficit	(A)(B)(C)(D)(F)	(32,847,334)	(10,466,426)	(43,293,760)
Equity attributable to Grown Rogue International, Inc. shareholders		14,551,768	(5,334,387)	8,945,638
Non-controlling interests	(A)	1,358,238	271,743	1,629,981
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>15,910,006</b>	<b>(5,334,387)</b>	<b>10,575,619</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>43,315,810</b>	<b>2,322,288</b>	<b>45,638,098</b>

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

## 2. BASIS OF PRESENTATION (CONTINUED)

### Reconciliation of consolidated statement of net loss and comprehensive loss for the year ended December 31, 2024

	Note	IFRS \$	Effect of transition to U.S. GAAP \$	U.S. GAAP \$
<b>Revenue</b>				
Product sales	(A)	25,029,634	334,559	25,364,193
Service revenue	(A)	1,987,631	(729,500)	1,258,131
<b>Total revenue</b>		<b>27,017,265</b>	<b>(394,941)</b>	<b>26,622,324</b>
<b>Cost of goods sold</b>				
Cost of finished cannabis inventory sold	(A)(B)	(12,827,041)	(345,636)	(13,172,677)
Costs of service revenue		(206,669)	-	(206,669)
<b>Total cost of goods sold</b>		<b>(13,033,710)</b>	<b>(345,636)</b>	<b>(13,379,346)</b>
Gross profit, excluding fair value items		13,983,555	(740,577)	13,242,978
Realized fair value loss amounts in inventory sold	(B)	(3,358,862)	3,358,862	-
Unrealized fair value gain amounts on growth of biological assets	(B)	2,816,943	(2,816,943)	-
<b>Gross profit</b>		<b>13,441,636</b>	<b>(198,658)</b>	<b>13,242,978</b>
<b>Operating expenses</b>				
Amortization	(A)(D)	939,727	53,652	993,379
General and administration	(A)(G)	10,075,360	505,434	10,580,794
Share-based compensation	(E)	1,306,607	302,216	1,608,823
<b>Total operating expenses</b>		<b>12,321,694</b>	<b>861,302</b>	<b>13,182,996</b>
<b>Income from operations</b>		<b>1,119,942</b>	<b>(1,059,960)</b>	<b>59,982</b>
<b>Other income (expense)</b>				
Interest expense	(A)(C)(D)	(379,161)	301,648	(77,513)
Accretion expense	(A)(C)	(2,042,556)	206,116	(1,836,440)
Other income	(A)	1,938,713	(848,064)	1,090,649
Interest income	(A)	-	350,656	350,656
Gain on extinguishment of notes receivable		156,165	(156,165)	-
Unrealized gain (loss) on derivative liability	(D)	(12,768,905)	5,014,503	(7,754,402)
Realized loss on derivative liability	(D)	-	(5,049,209)	(5,049,209)
Unrealized gain on warrant asset		3,094,413	-	3,094,413
Realized loss on warrant liability	(D)	-	(1,741,710)	(1,741,710)
Loss on equity investment in associate	(A)	(169,637)	(81,593)	(251,230)
Loss on disposal of property, plant and equipment	(G)	50,057	(50,057)	-
<b>Total other income (expense), net</b>		<b>(10,120,911)</b>	<b>(2,053,875)</b>	<b>(12,174,786)</b>
<b>Loss before income tax expense</b>		<b>(9,000,969)</b>	<b>(3,113,835)</b>	<b>(12,114,804)</b>
Income tax expense	(A)(F)	(1,695,825)	(2,168,722)	(3,864,547)
<b>Net loss</b>		<b>(10,696,794)</b>	<b>(5,282,557)</b>	<b>(15,979,351)</b>
<b>Other comprehensive loss</b>				
Currency translation adjustment		(17,861)	-	(17,861)
<b>Total comprehensive loss</b>		<b>(10,714,655)</b>	<b>(5,282,557)</b>	<b>(15,997,212)</b>
<b>Net loss for the period attributable to:</b>				
Shareholders		(11,303,642)	(4,702,737)	(16,006,379)
Non-controlling interest	(A)	606,848	(579,820)	27,028
<b>Net loss</b>		<b>(10,696,794)</b>	<b>(5,282,557)</b>	<b>(15,979,351)</b>
<b>Comprehensive income (loss) for the period attributable to:</b>				
Shareholders		(11,321,503)	(4,702,737)	(16,024,240)
Non-controlling interest	(A)	606,848	(579,820)	27,028
<b>Total comprehensive income (loss)</b>		<b>(10,714,655)</b>	<b>(5,282,557)</b>	<b>(15,997,212)</b>

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

## 2. BASIS OF PRESENTATION (CONTINUED)

### Reconciliation of statement of cash flows for the year ended December 31, 2024

	Note	IFRS \$	Effect of transition to U.S. GAAP \$	U.S. GAAP \$
<b>Operating activities</b>				
Net income (loss)		(10,696,794)	(5,282,557)	(15,979,351)
Adjustments for non-cash items in net loss:			-	
Depreciation of property and equipment	(A)	939,727	53,652	993,379
Depreciation of property and equipment included in costs of finished cannabis inventory sold	(A)(C)	1,980,597	(1,544,550)	436,047
Lease costs included in costs of finished cannabis inventory sold	(A)(C)	-	328,957	328,957
Unrealized fair value gain amounts on growth of biological assets	(B)	(2,816,943)	2,816,943	-
Realized fair value loss amounts in inventory sold	(B)	3,358,862	(3,358,862)	-
Share-based compensation	(E)	1,306,607	302,216	1,608,823
Accretion expense	(D)	2,042,556	(206,116)	1,836,440
Unrealized (gain) loss on derivative liability	(D)	12,768,905	(5,014,503)	7,754,402
Realized loss on derivative liability	(D)		5,049,209	5,049,209
Unrealized (gain) loss on warrant asset		(3,094,414)	1	(3,094,413)
Realized loss on warrant liability	(D)		1,741,710	1,741,710
Loss on equity investment in associate	(A)	169,637	81,593	251,230
Loss on disposal of property and equipment		(50,057)	-	(50,057)
Gain on extinguishment of notes receivable	(A)	(156,165)	156,165	-
Deferred income taxes	(A)	(4,326)	(107,872)	(112,198)
Currency translation loss		(17,861)	17,861	-
		5,730,331	(4,966,153)	764,178
Changes in non-cash working capital	(A)	1,394,111	456,691	1,850,802
Net cash provided by operating activities		7,124,442	(4,509,462)	2,614,980
<b>Investing activities</b>				
Purchase of property and equipment	(A)	(1,739,014)	(2,343,140)	(4,082,154)
Acquisition of Golden Harvests LLC	(A)	(529,998)	529,998	-
Acquisition of Canopy Management, LLC		(271,438)	-	(271,438)
Dividend issued from Golden Harvests, LLC to minority owner		(530,000)	-	(530,000)
Advance of notes receivable	(A)	(7,898,136)	6,350,458	(1,547,678)
Repayment of notes receivable	(A)	484,160	(217,743)	266,417
Investment in ABCO Garden State, LLC		(1,980,000)	-	(1,980,000)
Cash acquired on investment in ABCO Garden State, LLC	(A)	-	2,815	2,815
Repayment of bridge note	(A)	266,417	(266,417)	-
Advance on purchase of remaining Rogue EBC, LLC equity interest	(A)	-	(827,197)	(827,197)
Net cash used in investing activities		(12,198,009)	3,228,774	(8,969,235)
<b>Financing activities</b>				
Proceeds from exercise of stock options		359,958	-	359,958
Proceeds from exercise of warrants		4,657,460	(47,883)	4,609,577
Proceeds from long-term debt	(A)	-	450,000	450,000
Debt issuance costs		(126,914)	-	(126,914)
Repayment of long-term debt		(1,230,093)	88,656	(1,141,437)
Payment of interest on convertible debentures		(521,953)	68,514	(453,439)
Proceeds from sale of units of subsidiary		787,500	-	787,500
Payment of lease liability	(C)	(974,749)	974,749	-
Net cash provided by financing activities		2,951,209	1,534,036	4,485,245
Effect of foreign exchange on cash and cash equivalents		-	(17,861)	(17,861)
Change in cash and cash equivalents	(A)	(2,122,358)	235,487	(1,886,871)
Cash and cash equivalents, beginning of year		6,804,579	-	6,804,579
Cash and cash equivalents, ending of year		4,682,221	235,487	4,917,708



## **Grown Rogue International Inc.**

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

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

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## **2. BASIS OF PRESENTATION (CONTINUED)**

### **Notes to the reconciliations**

- A. Under IFRS, the Company consolidated its investment in Rogue EBC, LLC and accounted for its investment in ABCO Garden State, LLC under the equity method. Upon transition to U.S. GAAP, the Company determined that Rogue EBC, LLC should be accounted for as an equity method investment (Note 8), while ABCO Garden State, LLC should be consolidated (Note 4). Accordingly, the U.S. GAAP adjustments reflect (i) the deconsolidation of Rogue EBC, LLC, including the derecognition of its assets, liabilities, revenue, expenses, and cash flows, and the recognition of an equity method investment and the Company's share of loss from equity method investees, and (2) the consolidation of ABCO Garden State, LLC, including the recognition of its assets, liabilities, revenue, expenses, and cash flows, the elimination of intercompany balances and derecognition of the previously recognized equity method investment and related equity losses.
- B. Under IFRS, the Company measured its biological assets at fair value less costs to sell, with gains and losses arising from changes in fair value recognized in earnings. Upon transition to U.S. GAAP, biological assets are not recognized separately and are instead accounted for at historical cost as inventory. Accordingly, the adjustment reflects the elimination of biological assets measured at fair value and the recognition of the related costs within inventories, with subsequent recognition through cost of goods sold as the inventory is sold.
- C. Under IFRS, the Company applied a single lease accounting model whereby substantially all leases were recognized on the balance sheet as right-if-use assets with corresponding lease liabilities, with lease expense generally recognized on a straight-line basis. Upon transition to U.S. GAAP, the Company classified its leases as either operating or finance leases. Accordingly, the adjustments reflect the reclassification of certain leases from a single IFRS model to operating lease classification under U.S. GAAP, including related changes to the recognition and presentation of lease expense, accumulated amortization, interest expense, and cash flow classifications.
- D. Under IFRS, the Company was not required to value the warrants associated with the convertible debentures. Upon transition to U.S. GAAP the Company (i) on issuance, recognized the warrants as a derivative liability which reduced the initial carrying value of the convertible debentures and (ii) on exercise, derecognized the warrant liability resulting in an increase in additional paid in capital.
- E. Under IFRS, share-based payments were presented as contributed surplus. Upon transition to U.S. GAAP, a reclassification adjustment has been made to present the amount as additional paid-in capital.
- F. Under IFRS, the Company recognized and measured income taxes in accordance with IAS 12, *Income Taxes*, including the recognition of deferred tax assets and liabilities based on temporary differences. Upon transition to U.S. GAAP, income taxes were accounted for under ASC 740, *Income taxes*, which resulted in differences in the recognition, measurement, and presentation of certain deferred tax assets and liabilities. Accordingly, the adjustment reflects the remeasurement of deferred income taxes based on U.S. GAAP requirements, including changes in enacted tax rates, valuation allowances, uncertain tax positions, and the classification and presentation of deferred tax balances.
- G. Upon transition to U.S. GAAP, the Company reclassified losses on the disposal of property, plant and equipment to general and administrative expenses to align with U.S. GAAP presentation requirements.

## **Grown Rogue International Inc.**

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

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

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## **2. BASIS OF PRESENTATION (CONTINUED)**

### **2.1 Functional and presentation currency**

The Company's reporting currency is the United States Dollar ("USD"). The Company's functional currency is the Canadian Dollar ("CAD"), and the functional currency of its subsidiaries is the USD. The assets and liabilities of the Company are expressed in USD using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income (loss) and reported as currency translation reserve in shareholders' equity.

### **2.2 Use of estimates**

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenue, and expenses as well as the related disclosures. The Company must often make estimates about effects of matters that are inherently uncertain and will likely change in subsequent periods. Actual results could differ materially from those estimates.

Areas requiring a significant degree of estimation and judgment relate to the assessment of transactions as business combinations or asset acquisitions, estimates used in valuation and costing of inventory, impairment of long-lived assets and indefinite lived intangible assets, fair value measurements, the recoverability and measurement of deferred tax assets and liabilities, share-based compensation, fair value of derivative assets and liabilities, and consolidation of entities in which the Company holds less than a majority of voting rights.

### **2.3 Basis of consolidation**

The consolidated financial statements incorporate the accounts of the Company and all the entities in which the Company has a controlling voting interest or when we are deemed to be the primary beneficiary of a variable interest entity. All consolidated entities were under common control during the entirety of the periods for which their respective results of operations were included in the consolidated statements from the date of acquisition. All intercompany balances and transactions are eliminated upon consolidation.

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

## 2. BASIS OF PRESENTATION (CONTINUED)

A summary of the Company's subsidiaries included in these consolidated financial statements as at December 31, 2025 is as follows:

Entity	Defined term	Location	Purpose	Percentage held
Grown Rogue Unlimited, LLC	"GR Unlimited"	Oregon	U.S. Holding Company	100%
Grown Rogue Gardens, LLC	"GR Gardens"	Oregon	Operating Entity (Cultivation)	100%
GRU Properties, LLC	"GRU Properties"	Oregon	Property Management	100%
GRIP, LLC	"GRIP"	Oregon	Marketing/Branding	100%
Grown Rogue Distribution, LLC	"GR Distribution"	Oregon	Operating Entity (Distribution)	100%
Rogue EBC, LLC	"Rogue EBC"	Illinois	Operating Entity (Cultivation)	70%*
Cannequality, LLC	"Cannequality"	Illinois	Licensing Company	70%*
Canopy Management, LLC	"Canopy"	Michigan	Holding Company	100%**
Golden Harvests LLC	"Golden Harvests"	Michigan	Operating Entity (Cultivation)	80%
Grown Rogue Retail Ventures, LLC	"GR Retail"	Delaware	Holding Company	100%
Grown Rogue West New York, LLC	"West NY"	New Jersey	Holding Company (Retail)	44%***
ABCO Garden State, LLC	"ABCO"	New Jersey	Operating Entity (Cultivation)	70%

\* The Company does not have the unilateral ability to direct activities of Rogue EBC and therefore the investment constitutes a joint venture in accordance with ASC 323, *Investments – Equity Method and Joint Ventures*, and has been accounted for using the equity method (Note 8). Cannequality is wholly owned by Rogue EBC, in which Cannequality is the legal entity that holds the acquired cannabis license for Rogue EBC's joint arrangement operations. When regulatory milestones are achieved, the Company plans to dissolve Cannequality. Cannequality remains inactive.

\*\* Canopy was dissolved in the second quarter of 2025 after regulatory milestones were achieved resulting in GR Unlimited directly holding an 80% ownership interest in Golden Harvests.

\*\*\* The Company has the unilateral ability to direct the activities of West NY and therefore the Company consolidates West NY in accordance with ASC 810, *Consolidation*.

All subsidiaries of the Company were incorporated in the United States of America and have USD as their functional currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Foreign currency translation

The Company's functional currency is the Canadian dollar, and the functional currency of its subsidiaries is the USD.

All transactions in subsidiaries denominated in a currency other than USD are initially remeasured into the USD using exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into USD using exchange rates prevailing at the end of the reporting period. All exchange gains and losses are included in the consolidated statements of comprehensive income (loss). For the Company, assets and liabilities are translated into USD using exchange rates prevailing at the end of the reporting period and income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income (loss) and reported as currency translation reserve in shareholders' equity.

## **Grown Rogue International Inc.**

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

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.2 Cash and cash equivalents**

Cash and cash equivalents held in financial institutions have carrying values that approximate fair value.

The failure of any bank in which the Company deposits funds may reduce the amount of cash and cash equivalents available for operations or delay the ability to access such funds. The Company does not currently have a commercial relationship with a bank that has failed or has shown indications of experiencing operational distress, nor has the Company experienced delays or other issues in meeting its financial obligations. If banks and financial institutions where the Company's cash and cash equivalents is held enter receivership or become insolvent in response to financial conditions affecting the banking system and financial markets, its ability to access cash and cash equivalents may be threatened and could have a material adverse effect on operations and financial condition of the Company.

As at December 31, 2025, the Company's cash and cash equivalent balances exceeded federally insured limits by \$10,081,792.

#### **3.3 Accounts receivable**

Accounts receivable are recorded at their net realizable value and represent amounts due from customers arising from the Company's normal business activities. Accounts receivable do not bear interest and are generally due within contractual payment terms, which typically are 30 days. The Company evaluates the collectability of accounts receivable and records an allowance for credit losses based on expected losses over the contractual life of the receivables, in accordance with ASC 326, *Financial Instruments – Credit Losses* ("ASC 326") as described below.

#### **3.4 Credit loss provision**

##### **Trade receivable**

The Company applies the Current Expected Credit Losses ("CECL") model in ASC 326 to all trade receivables, which arise from the sale of goods and services under standard payment terms of 30 days. The Company has elected the practical expedient to assume the current conditions as of the balance sheet date do not change for the remaining life of the trade receivables. The Company measures expected credit losses at the time the trade receivables are initially recognized and updates the estimate at each reporting date based on historical loss experience, current conditions, and reasonable and supportable forecasts that affect the collectability of outstanding balances. Trade receivables are grouped into pools that share similar risk characteristics, and the Company uses an aging schedule that classifies balances as current, one to thirty days past due, thirty-one to sixty days past due, sixty-one to ninety days past due, and greater than ninety days past due. Historical loss rates are calculated for each aging bucket using the Company's write-off experience over a representative period, and these rates are adjusted to reflect present economic conditions that differ from historical patterns as well as forward looking information such as changes in customer credit profiles, industry trends, macroeconomic indicators, or other factors expected to influence default risk. Forecast adjustments are applied for the period for which the Company can reasonably develop supported expectations, after which the estimate reverts to historical experience. The resulting allowance for credit losses is recorded as a valuation account that reduces the amortized cost basis of trade receivables, with changes recognized in credit loss expense as a component of selling, general and administrative expenses in the consolidated statements of income (loss) and comprehensive income (loss). Trade receivables are written off when they are deemed uncollectible based on specific facts and circumstances, and any recoveries of amounts previously written off are recognized when received.

##### **Notes receivable**

The Company recognizes an allowance for credit losses on notes receivable which represent the lifetime expected credit losses. The allowance is measured using a loss-rate method that considers historical loss experience current conditions, and reasonable and supportable forecasts of future economic conditions. As at December 31, 2025 and 2024, the allowance for credit losses was \$nil and \$nil, respectively.

## **Grown Rogue International Inc.**

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

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.5 Inventory**

Inventory consists of (i) raw materials, consumables and packaging supplies used in the process to prepare inventory for sale, (ii) work in process consisting of pre-harvested cannabis plants, and (iii) finished goods.

Inventory is valued at the lower of cost and net realizable value, with cost determined using the weighted average cost method. Net realizable value is calculated as the estimated selling price in the ordinary course of business, less any estimated costs to complete and sell the goods. Costs are capitalized to inventory, until substantially ready for sale. Costs include direct and indirect labor, raw materials, consumables, packaging supplies, utilities, facility costs, quality and testing costs, production related depreciation and other overhead costs including operating lease costs.

The Company records inventory reserves for obsolete and slow-moving inventory. Inventory reserves are based on inventory obsolescence trends, and the historical and professional experience of management. The Company classifies cannabis inventory as a current asset, although, due to the duration of the cultivation, drying, and conversion process, certain inventory items may not be realized in cost of sales within one year. As at December 31, 2025 and 2024, the reserves for obsolete and slow moving inventory was \$nil and \$nil, respectively.

#### **3.6 Property and equipment**

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Costs include borrowing costs for assets that require a substantial period of time to become ready for use. Costs incurred for routine repairs and maintenance that do not add value or extend the useful life of the assets are expensed as incurred.

Depreciation is recognized so as to recognize the cost of assets less their residual values over their useful lives. Depreciation begins when an asset is available for use, meaning that it is in the location and condition necessary for it to be used in the manner intended by management. The estimated useful lives, residual values and method of depreciation are reviewed at each period end, with the effect of any changes in estimated useful lives and residual values accounted for on a prospective basis.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

<b>Category</b>	<b>Estimated useful life</b>
Computer and office equipment	3-10 years
Production equipment and other	5-10 years
Leasehold improvements	lesser of the life of the lease or estimated useful life of the improvement

#### **3.7 Intangible assets**

The Company's indefinite lived intangible assets consist primarily of cultivation licenses. These assets are capitalized at fair value at the acquisition date. They are not amortized because the Company has determined that there is no foreseeable limit to the period over which these assets are expected to generate cash flow. The Company reviews the useful life of these intangible assets each reporting period to determine whether events or circumstances continue to support their indefinite useful life. Intangible assets with indefinite useful lives are tested for impairment at least annually, and more frequently if events or changes in circumstances indicate that impairment may exist.

## **Grown Rogue International Inc.**

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

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.8 Impairment of long-lived assets**

Long-lived assets, except for intangible assets with indefinite useful lives, are reviewed when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Such indicators include, among other factors, operating losses, unused capacity, market value declines, and obsolescence. If an indication of impairment is present, the Company compares the estimated undiscounted future cash flows to be generated by the asset group to the asset group's carrying amount. If the undiscounted future cash flows are less than the carrying amount of the asset group, the Company records an impairment loss equal to the amount by which the asset group's carrying amount exceeds its fair value. The fair value is determined based on valuation techniques such as a comparison to fair values of similar assets or a discounted cash flow analysis.

#### **3.9 Convertible debentures**

Convertible debt is recorded at amortized cost, net of issuance costs and discounts. The Company evaluates conversion and other embedded features to determine whether such features require separate accounting as derivatives or equity components. Equity-classified conversion features are recorded in additional paid-in capital, while derivative-classified features are recorded at fair value with changes recognized in earnings.

#### **3.10 Derivative assets and liabilities**

The Company accounts for derivative instruments in accordance with ASC 815, Derivatives and Hedging ("ASC 815"), which establishes accounting and reporting standards for derivative instruments and hedging activities, including certain derivative instruments embedded in other financial instruments or contracts, and requires recognition of all derivatives on the balance sheet at fair value. Fair value changes in the derivative instruments are recorded through profit and loss. As at December 31, 2025 and 2024, the Company recorded the warrants as a derivative asset (Note 7) and conversion feature and warrants associated with the convertible debentures as derivative liabilities (Note 17 and Note 18).

#### **3.11 Financial instruments**

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments are recorded initially at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent measurement depends on how the financial instrument has been classified and may be at fair value or amortized cost. For financial instruments subsequently measured at fair value, the Company calculates the estimated fair value of financial instruments using quoted market prices whenever available. When quoted market prices are not available, the Company uses standard pricing models including the Black-Scholes option pricing model.

## **Grown Rogue International Inc.**

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

For the Years Ended December 31, 2025 and 2024

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#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs that are not based on observable market data.

There have been no transfers between fair value hierarchy levels during the years ended December 31, 2025 and 2024.

The Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are recorded at cost. The carrying values of these financial instruments approximate their fair value due to their short-term maturities. The Company's note receivable, long-term debt, and convertible debentures are valued at amortized cost using the effective interest rate method. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest risks arising from these financial instruments. The Company's warrant asset and derivative liability are measured using the Black-Scholes option pricing model (Notes 7 and 16).

#### **3.12 Concentration of Risk**

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents, trade receivables and note receivable. The Company mitigates its exposure to credit loss associated with cash by placing its cash in major financial institutions. As at December 31, 2025, the Company had cash of \$11,371,834 (December 31, 2024 - \$4,917,708). The counterparties to the trade receivables and note receivable have a strong credit profile, and as such, the Company has assessed the associated credit risk as moderate to low. No customer accounts for more than 10% of trade receivables at December 31, 2025 and 2024.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. As at December 31, 2025, the Company had working capital of \$16,453,938 (December 31, 2024 – working capital deficiency of \$6,472,127). The Company primarily relies on cash generated from its cannabis operations, as well as proceeds from debt financing to fulfil its financial commitments. The Company's ability to service its debt depends on sustaining the profitability of its operations and obtaining sufficient financing on acceptable terms.

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign currency risk as its operations and cash flows are all denominated in USD. The Canadian parent has a functional currency of Canadian dollars but does not routinely engage in financing activities in alternate currencies and during the years ended December 31, 2025 and 2024 had minimal exposure to foreign currency risk.

## **Grown Rogue International Inc.**

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### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.13 Leases**

Upon commencement of a contract containing a lease, the Company classifies leases other than short-term leases as either an operating lease or a finance lease according to the criteria prescribed by ASU 842, *Leases*. The lease classification is reassessed only when: (a) the contract is modified and the modification is not accounted for as a separate contract, and (b) there is a change in the lease term or the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset. The Company has elected to recognize lease payments in earnings on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments are incurred.

For both finance leases and operating leases, the Company recognizes right-of-use assets and lease liabilities which are initially measured as the present value of remaining lease payments and initial direct costs discounted at the interest rate implicit in the lease, or if that rate is not readily determinable, the Company's incremental borrowing rate.

Finance lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in interest expense in the consolidated statements of net income (loss) and comprehensive income (loss) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease payment is included in the lease liability is apportioned between the repayment of the liability and an operating lease expense. The operating lease payment is recognized as an operating lease cost within inventory and cost of goods sold in the consolidated statements of net income (loss) and comprehensive income (loss) over the lease period so as to produce a constant periodic operating lease cost over the term of the lease.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any initial direct costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease. For finance leases, the amortization is recognized as amortization expense in the consolidated statements of net income (loss) and comprehensive income (loss). For operating leases, the amortization is recognized as a component of operating lease cost within inventory and cost of goods sold in the consolidated statements of net income (loss) and comprehensive income (loss).

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration expense in the consolidated statements of net income (loss) and comprehensive income (loss). Short-term leases are defined as leases with a lease term of 12 months or less.

The Company has elected not to separate lease components from non-lease components when allocating contract consideration for all land and building leases.

## **Grown Rogue International Inc.**

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

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### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.14 Revenue**

Revenue is recognized in accordance with ASC 606, *Revenue from Contracts with Customers* (“ASC 606”) when goods or services are transferred to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In order to recognize revenue under ASC 606, the Company applies the following five steps:

1. Identify a customer along with a corresponding contract
2. Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer
3. Determine the transaction price that the Company expects to be entitled to in exchange for transferring promised goods or services to a customer
4. Allocate the transaction price to the performance obligation(s) in the contract
5. Recognize revenue when or as the Company satisfies the performance obligation(s) in the contract

#### ***Revenue From Sales of Goods***

Revenue from the sale of goods is generally recognized when control over the goods has been transferred to the customer. Payment for sales is typically due prior to shipment. The Company has elected to treat shipping and handling activities as a fulfillment activity, meaning these activities are not considered a separate performance obligation. Shipping and handling fees billed to customers are recognized as revenue at the time control of the goods passes to the customer. Costs incurred by the Company for shipping and handling are classified as cost of sales in the consolidated statements of income (loss) and comprehensive income (loss). Payment for wholesale transactions is due within a specified time period as permitted by the underlying agreement and the Company’s credit policy upon the transfer of goods to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

#### ***Service Revenue***

Revenues from services consist of one performance obligation, being the provision of the agreed upon services. The Company recognize service revenue when the contracted services have been provided and the income is determinable. The Company’s contract terms do not include a provision for significant post-service delivery obligations.

#### **3.15 Share-based compensation**

Share-based compensation expense consists of the Company’s stock option and restricted share unit expense.

Stock options and restricted share units granted to employees and consultants are measured based on the grant-date fair value. Share-based compensation expense for stock options is generally recognized based on the straight-line basis over the requisite service period. The Company has elected to account for forfeitures of share-based awards as they occur rather than estimating forfeitures at the grant date. Accordingly, stock-based compensation expense is recognized assuming all awards will vest, and previously recognized compensation cost is reversed in the period in which an award is forfeited due to an employee’s failure to satisfy the applicable service conditions.

## **Grown Rogue International Inc.**

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

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(Expressed in United States Dollars)

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#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Share-based compensation for restricted share units is recognized at the time of grant by multiplying the share price on the date of grant by the number of restricted share units granted. Share-based compensation expense is included in share-based compensation expense or cost of finished cannabis inventory sold based on the employee's function classification.

Consideration paid to the Company on the exercise of stock options is recorded as subordinate voting common shares ("SV Shares").

##### **3.16 Income taxes**

The Company uses the asset and liability method to account for income taxes. Deferred income tax assets and liabilities are determined based on enacted tax rates and laws for the years in which the differences are expected to reverse.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

As the Company operates in the cannabis industry, it is subject to the limits of IRC Section 280E, under which the Company is only allowed to deduct expenses directly related to the cost of producing the products or cost of production.

The Company recognizes uncertain income tax positions at the largest amount that is more-likely-than-not to be sustained upon examination by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are presented within income tax expense in the consolidated statements of loss and comprehensive loss.

##### **3.17 Earnings per share**

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated using the weighted average number of shares outstanding during the respective years. Diluted loss per share is computed by dividing net loss by the weighted average shares outstanding adjusted for additional shares from the assumed exercise of stock options, restricted share units, or warrants, if dilutive.

The number of additional shares is calculated by assuming the outstanding dilutive convertible instruments, options, and warrants are exercised and that the assumed proceeds are used to acquire common shares at the average market price during the year.

##### **3.18 Business Combinations and Asset Acquisitions**

The Company accounts for acquisitions in accordance with ASC 805, *Business Combinations*.

Transactions are evaluated at inception to determine whether they represent a business combination or an asset acquisition. Transactions meeting the definition of a business are accounted for using the acquisition method of accounting; otherwise, it is accounted for as an asset acquisition.

Business combinations are accounted for using the acquisition method, whereby identifiable assets acquired and liabilities assumed are recognized at their estimated fair values as of the acquisition date. Goodwill is recognized for the excess of consideration transferred over the net fair value of identifiable assets acquired and liabilities assumed. Acquisition-related costs are expensed as incurred.

## **Grown Rogue International Inc.**

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

For the Years Ended December 31, 2025 and 2024

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### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Asset acquisitions are recorded by allocating the cost of the acquisition, including transaction costs, to the assets acquired and liabilities assumed based on their relative fair values. No goodwill is recognized.

The Company recognizes contingent consideration arrangements at their acquisition-date fair value as part of the consideration transferred in a business combination. Subsequent changes in fair value of contingent considerations classified as a liability are recognized in earnings. The Company remeasures the fair value of the contingent consideration at each reporting date until the contingency is resolved, with changes in fair value recorded in earnings.

#### **3.19 Recently adopted accounting pronouncements**

##### **Emerging Growth Company**

The Company is an emerging growth company as defined in Section 102 (b)(1) of the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), which exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards.

The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. The Company has not elected to opt out of such extended transition period, which means that when a standard is issued or revised, and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make the comparison of the Company’s consolidated financial statements with another public company difficult or impossible because of the potential differences in accounting standards used.

In November 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-07, *Improvements to Reportable Segment Disclosures (Topic 280)*. The Company adopted ASU 2023-07 as of April 1, 2024. This update enhances the disclosure requirements for reportable segments, including significant segment expenses and interim period disclosures. The Company have disclosed the title and position of our Chief Operating Decision Maker (CODM) to provide clarity on who is responsible for making operating decisions. These disclosures aim to enhance transparency and provide more decision-useful information to investors and other stakeholders.

In December 2023, the FASB issued Accounting Standards Update 2023-09 (“ASU 2023-09”), *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, requiring entities to disclose more detailed information about income tax expense (benefit), significant components of income tax expense (benefit), separate disclosure of income tax expense (benefit) for domestic and foreign jurisdictions and by major jurisdictions. The Company adopted ASU 2023-09 as of January 1, 2024.

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update 2024-03 (“ASU 2024-03”), *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosure (Subtopic 220-40): update required disclosure of specified information about certain costs and expenses*. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026. The Company has early adopted this standard.

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new pronouncements that have been issued that might have a material impact on its financial position or results of operations.

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

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#### 4. ACQUISITION

On October 4, 2023, the Company announced that it signed a definitive agreement with an option to acquire 70% of ABCO, pending regulatory approval from the New Jersey Cannabis Regulatory Commission (“CRC”). On May 31, 2024, the Company executed the first option to acquire a 44% membership interest in ABCO for total consideration of \$1,257,142. ABCO received licensing approval from the CRC and has an annual New Jersey cultivation license with local zoning, planning approvals and sufficient power supply. Also on May 31, 2024, the Company exercised the second option to purchase an additional 26% membership interest in ABCO for total consideration of \$722,858. Closing of the second purchase option will occur on regulatory approval, two years after operations commence. Operations commenced in September 2024. While the Company legally owns 44% of ABCO prior to closing the second purchase option, the Company consolidates ABCO as a variable interest entity as (1) the Company through its ‘Investor Director’ (the Company’s Chief Executive Officer) has power equivalent to unilateral control over ABCO and (2) closing on the second purchase option is a requirement of the passage of time, and cannot be blocked.

The acquisition of ABCO is accounted for as an asset acquisition due to the absence of identifiable processes and the inability of the acquired assets alone to operate as a business as at May 31, 2024.

The allocation of the purchase price to the acquired assets is as follows:

	<b>May 31,</b>
	<b>2024</b>
	<b>\$</b>
<b>Consideration:</b>	
First purchase option (cash)	1,257,142
Second purchase option (cash)	722,858
Acquired long-term debt	4,272,856
<b>Total consideration</b>	<b>6,252,856</b>
<b>Net assets acquired:</b>	
Cash	2,815
Prepaid expenses	256,043
Property and equipment	4,978,724
Right of use asset	4,880,250
Accounts payable	(435,680)
Lease liability	(4,880,250)
Intangible asset	2,299,525
<b>Net assets acquired</b>	<b>7,101,427</b>
Non-controlling interest	(848,571)
<b>Total net assets acquired</b>	<b>6,252,856</b>

The fair value of acquired long-term debt approximates its carrying amount as the interest rate approximately Company’s incremental borrowing rate. The acquired long-term debt is payable to GR Unlimited and therefore eliminated on consolidation.

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

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#### 4. ACQUISITION (CONTINUED)

Fair value of prepaid expenses and accounts payable approximate their fair value due to the short-term nature of these balances.

Fair value of property, plant, and equipment was determined by utilizing current market information for similar equipment, adjusted for the specific design, mechanical condition and marketability of such equipment. Key assumptions underlying management's estimate of fair value include expectations as to future market conditions in the cannabis industry and expected useful lives of equipment. Acquired property and equipment has an assessed useful life of 5-10 years.

The acquired right of use asset and lease liability relates to the ABCO facility which is leased through June 1, 2033.

Intangible asset consists of a license which permits the Company to cultivate cannabis in the State of New Jersey which has an indefinite life. The fair value of the license was determined using a market approach which involves comparing the license to similar licenses that have been sold or are available for sale.

#### 5. ACCOUNTS RECEIVABLE

The Company's accounts receivable composition is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Trade receivables	3,645,842	1,851,254
Allowance for credit losses	(748,239)	(420,614)
Taxes receivable	10,667	126,485
	<u>2,908,270</u>	<u>1,557,125</u>

Taxes receivable relate to goods and services taxes receivable from the Government of Canada.

The continuity of the allowance for credit losses is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Balance, beginning of the year	420,614	373,393
Provisions for bad debt	730,508	360,000
Write-offs	(402,883)	(312,779)
Balance, end of the year	<u>748,239</u>	<u>420,614</u>

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

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#### 6. INVENTORY

The Company's inventory composition is as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Raw materials	1,038,876	647,630
Work in process	1,291,575	1,402,685
Finished goods	4,750,844	3,891,236
	<u>7,081,295</u>	<u>5,941,551</u>

#### 7. WARRANTS

On May 24, 2023, GR Unlimited entered into a consulting agreement with Vireo Growth Inc. (formerly Goodness Growth Inc.) ("Vireo Growth"). As part of this strategic agreement, Vireo Growth issued the Company 10,000,000 warrants to purchase 10,000,000 subordinate voting shares of Vireo Growth, with a strike price equal to \$0.233 (CAD\$0.317), being a 25.0 percent premium to the 10-day volume weighted average price ("VWAP") of Vireo Growth's subordinate voting shares prior to the effective date of the consulting agreement ("Vireo Warrants"). Similarly, the Company issued Vireo Growth 8,500,000 warrants to purchase 8,500,000 subordinate voting shares of the Company, with a strike price equal to \$0.166 (CAD\$0.225), being a 25.0 percent premium to the 10-day VWAP of the Company's subordinate voting shares prior to the effective date of the consulting agreement.

On October 11, 2024, the Company announced the termination of the consulting agreement with Vireo Growth. As consideration for the early termination, Vireo Growth forfeited and returned for cancellation 4,500,000 of the 8,500,000 share purchase warrants of the Company that were held by Vireo Growth. A total of 4,000,000 warrants remained outstanding at December 31, 2025 and 2024, respective (Note 19). Additionally, Vireo Growth was required to pay the Company a termination fee of \$800,000 in cash which was received by the Company on October 18, 2024. The Company retained its 10,000,000 Vireo Warrants.

The Company measured and recognized the fair value of the Vireo Warrants at \$1,232,253 which was determined using a Black-Scholes option pricing model as of the warrants deemed issuance date, which was the effective date of the Consulting Agreement (May 24, 2023).

The Vireo Warrants are remeasured at fair value through profit and loss at each reporting period using the Black-Scholes option pricing model. The fair value of the Vireo Warrants at December 31, 2025, was estimated to be \$5,103,272 (December 31, 2024 - \$4,855,795) using the following inputs:

Date	Expected dividends	Expected volatility	Risk-free rate of interest	Expected term (years)	Closing price per common share
May 24, 2023	0%	115.2%	3.6%	5.00	\$ 0.13 (CAD\$0.18)
December 31, 2024	0%	119.1%	2.9%	3.76	\$ 0.56 (CAD\$0.81)
<b>December 31, 2025</b>	<b>0%</b>	<b>129.3%</b>	<b>2.9%</b>	<b>2.76</b>	<b>\$ 0.61 (CAD\$0.83)</b>

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

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#### 8. OTHER INVESTMENTS

On March 5, 2024, the Company signed a definitive agreement to form Rogue EBC, a joint venture with EBC Ventures. The joint venture owns 100% of Cannequality, which holds a craft growers license with the Illinois Department of Agriculture. Cannequality functions solely as a regulatory holding entity. Upon achievement of the required regulatory milestones, the Company intends to dissolve Cannequality, as its ongoing purpose will no longer be necessary. Grown Rogue owns 70% of the joint venture and has contributed capital to support the development of the facility. The joint venture agreement includes multiple purchase options, which ultimately give the Company the ability to acquire 100% of the membership interests of the joint venture subject to approval by the Illinois Department of Agriculture. The Company does not have the unilateral ability to direct activities of Rogue EBC and therefore the investment constitutes a joint venture in accordance with ASC 323, *Investments – Equity Method and Joint Ventures*.

The investment in Rogue EBC has been accounted for using the equity method as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Balance, beginning of year	575,967	-
Investment in Rogue EBC	735,855	827,197
Loss on equity investment in associate	(452,962)	(251,230)
Deposit on purchase of remaining equity in Rogue EBC	500,000	-
Balance, end of year	<u>1,358,860</u>	<u>575,967</u>

On September 20, 2025 the Company entered into an agreement to acquire the remaining 30% of Rogue EBC, for total consideration of \$1,500,000 with \$500,000 paid at signing, another \$500,000 due in 6 months from the date of close and \$500,000 due at the earlier of 15 months from the closing or the date of the first harvest. Because payment of the remaining consideration is conditional upon regulatory approval and closing of the transaction, the Company has not recorded a liability related to the remaining \$1,000,000 as of December 31, 2025. The Company will recognize the remaining consideration at the time the regulatory approval is obtained and the transaction is consummated.

The following table presents summarized financial information for Rogue EBC:

	December 31, 2025	December 31, 2024
	\$	\$
Current assets	136,563	279,354
Non-current assets	4,113,350	3,733,921
Total assets	<u>4,249,913</u>	<u>4,013,275</u>
Current liabilities	172,618	23,642
Non-current liabilities	3,000,179	3,171,797
Total liabilities	<u>3,172,797</u>	<u>3,195,439</u>
Net Assets	1,077,116	817,836
Company share of net assets	858,860	575,967
Revenue	-	-
Gross profit	-	-
Net loss	(622,811)	(356,730)
Company share of net loss	<u>(452,962)</u>	<u>(251,230)</u>

**Grown Rogue International Inc.****Notes to the Consolidated Financial Statements**

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

**9. NOTES RECEIVABLE**

Transactions related to the Company's notes receivable for the year ended December 31, 2025 and 2024, include the following:

	<u>9.1</u>	<u>9.2</u>	<u>9.3</u>	<u>9.4</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance, December 31, 2023	256,750	-	-	-	256,750
Advances	-	1,150,000	287,500	-	1,437,500
Accrued interest	9,667	95,639	4,872	-	110,178
Repayments	(266,417)	-	-	-	(266,417)
Balance, December 31, 2024	-	1,245,639	292,372	-	1,538,011
Advances	-	-	-	250,000	250,000
Accrued interest	-	116,597	29,149	3,403	149,149
<b>Balance, December 31, 2025</b>	<b>-</b>	<b>1,362,236</b>	<b>321,521</b>	<b>253,403</b>	<b>1,937,160</b>

**9.1 New Jersey retail promissory note**

On October 3, 2023, GR Unlimited executed a promissory note and advanced \$250,000. Pursuant to the promissory note agreement, interest on the outstanding principal borrowed shall accrue at a rate of 12% per annum provided that, if the extended maturity date of the note is triggered, interest shall accrue on the outstanding balance commencing on the maturity date and ending on the extended maturity date of the promissory note. The loan was fully repaid during the year ended December 31, 2024.

**9.2 First Nile convertible note**

On January 16, 2024, the Company signed a definitive agreement to invest in the development of an adult-use dispensary in West New York, New Jersey. As part of this agreement, GR Unlimited executed a secured convertible promissory note and initially advanced \$500,000 to Nile of NJ LLC, a New Jersey limited liability company. The Company advanced an additional \$650,000 to Nile of NJ LLC. Pursuant to the secured convertible promissory note agreement, interest on the outstanding principal borrowed shall accrue at a rate of 10%. Upon Nile of NJ LLC receiving written notification of the New Jersey Cannabis Regulatory Commission (the "CRC") approval, the lender has the right and option to convert all or part of the outstanding principal and accrued and unpaid interest into subordinate voting shares of the Nile of NJ LLC at a conversion rate equal to 1% of the equity of Nile of NJ LLC on a fully-diluted basis per \$33,333 of principal and accrued interest unpaid at date of receipt of the conversion notice such that GR Unlimited shall not own more than 35% of the equity of Nile of NJ LLC ("Conversion Equity"). The secured convertible promissory note has a maturity date of January 16, 2027 subject to an extension to January 16, 2028 if the CRC has not approved the Conversion Equity and an additional extension to January 16, 2029 if the CRC has not approved the Conversion Equity prior to January 16, 2028. The Company received equity investments of \$600,000 into Retail Ventures from various parties including \$500,000 from related parties to fund this investment. As of the date of these consolidated financial statements, the CRC has not approved the Conversion Equity.

## **Grown Rogue International Inc.**

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

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#### **9. NOTES RECEIVABLE (CONTINUED)**

The Company evaluated the conversion feature under the guidance in ASC 815 and determined that the feature does not qualify as a derivative instrument because CRC approval is required, which precludes net-cash settlement and results in the absence of readily determinable fair value at inception. Additionally, the conversion feature meets the scope exemption for contracts indexed to the Company's own equity in accordance with ASC 815-40.

As at December 31, 2025, the outstanding balance of the convertible promissory note was \$1,150,000 (December 31, 2024 - \$1,150,000), and the accrued interest was \$212,236 (December 31, 2024 - \$95,639).

##### **9.3 Second Nile note**

On October 28, 2024, the Company through its subsidiary West New York, advanced an additional \$287,500 to Nile of NJ LLC under a note in the amount of \$287,500. West New York concurrently received equity subscriptions of \$137,500 in support of this funding. Pursuant to the secured convertible promissory note agreement, interest on the outstanding principal borrowed shall accrue at a rate of 10% for the first 12 months and 15% for the remaining 6 months. The note matures April 28, 2026.

As at December 31, 2025, the outstanding balance of the promissory note was \$287,500 (December 31, 2024 - \$287,500), and the accrued interest was \$34,021 (December 31, 2024 - \$4,872).

##### **9.4 Third Nile convertible note**

On November 12, 2025, the Company advanced an additional \$250,000 to Nile of NJ LLC. Pursuant to the secured convertible promissory note agreement, interest on the outstanding principal borrowed shall accrue at a rate of 10%. The convertible note matures January 16, 2027. This convertible promissory note agreement contains the same conversion features and extensions as noted in Note 9.2 such that the Conversion Equity shall not exceed 70% of the equity of Nile of NJ LLC on conversion of the two convertible promissory notes. As of the date of these consolidated financial statements, the CRC has not approved the Conversion Equity.

The Company evaluated the conversion feature under the guidance in ASC 815 and determined that the feature does not qualify as a derivative instrument because CRC approval is required, which precludes net cash settlement and results in the absence of a readily determinable fair value at inception. Additionally, the conversion feature meets the scope exception for contracts indexed to the Company's own equity in accordance with ASC 815-40.

As at December 31, 2025, the outstanding balance of the promissory note was \$250,000 (December 31, 2024 - \$nil), and the accrued interest was \$3,403 (December 31, 2024 - \$nil).

The Company has determined that expected credit losses for notes receivable as at December 31, 2025 was \$nil (December 31, 2024 - \$nil).

**Grown Rogue International Inc.****Notes to the Consolidated Financial Statements**

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**10. PROPERTY AND EQUIPMENT, NET**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Computer and office equipment	<b>16,283</b>	16,283
Production equipment and other	<b>4,874,034</b>	3,307,584
Land	<b>1,533,793</b>	1,533,793
Construction in progress	<b>489,340</b>	-
Leasehold improvements	<b>16,439,529</b>	15,641,048
	<b>23,352,979</b>	20,498,708
Less: Accumulated depreciation and amortization	<b>(9,297,427)</b>	(6,454,475)
	<b>14,055,552</b>	14,044,233

For the year ended December 31, 2025, depreciation and amortization capitalized into inventory was \$2,140,694 (year ended December 31, 2024 - \$436,047) and expensed depreciation and amortization was \$702,258 (year ended December 31, 2024 - \$993,379).

Repairs and maintenance expense, included within general and administrative expenses, was \$319,668 (December 31, 2024 - \$333,500).

**11. RIGHT OF USE ASSET AND LEASE LIABILITY**

The Company's leases consist of land and buildings and equipment used in the cultivation, processing, and warehousing of its products. The leases were classified as either operating leases or finance leases in accordance with ASC 842, *Leases*.

The lease term includes available extension options where the Company anticipates execution of such option.

A summary of the Company's weighted average discount rate and weighted average remaining lease term as of December 31, 2025 is as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Operating lease		
Weighted average discount rate	<b>12.01%</b>	9.63%
Weighted average remaining lease term (years)	<b>10.46</b>	7.01
Finance lease		
Weighted average discount rate	<b>16.00%</b>	-%
Weighted average remaining lease term (years)	<b>1.57</b>	-

On December 5, 2025, GR Unlimited entered into a sublease for the Minnesota property. The sublease will remain in effect until the facility receives operational approval. Rental income earned under the sublease is due one-year from the date that GR Unlimited receives operational approval.

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For the Years Ended December 31, 2025 and 2024

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**11. RIGHT OF USE ASSET AND LEASE LIABILITY (CONTINUED)**

A summary of the maturity of contractual undiscounted liabilities associated with the Company's operating leases and finance leases as of December 31, 2025 is as follows:

Year ended December 31,	Operating leases	Finance leases
	\$	\$
2026	2,468,059	180,000
2027	2,458,020	73,874
2028	2,540,283	-
2029	2,625,535	-
2030	2,227,864	-
Thereafter	15,265,790	-
Total lease payments	27,585,551	253,874
Less: Unamortized interest	(13,730,325)	(33,387)
<b>Total lease liability</b>	<b>13,855,226</b>	<b>220,487</b>

For the year ended December 31, 2025, the Company incurred operating lease costs in continuing operations of \$1,953,327 (year ended December 31, 2024 - \$1,819,206). Of this amount, \$1,953,327 (year ended December 31, 2024 - \$1,819,206) was allocated to inventory.

**12. INTANGIBLE ASSETS**

	December 31, 2025	December 31, 2024
	\$	\$
Balance, beginning of year (indefinite life)	3,025,193	725,668
Additions - cultivation licenses (indefinite life)	-	2,299,525
Balance, end of year	3,025,193	3,025,193

Additions during the year ended December 31, 2024, resulted from the Company acquiring New Jersey cultivation license in the amount of \$2,299,525 on the acquisition of ABCO (Note 4).

There was no impairment of the indefinite lived intangible assets during the year ended December 31, 2025 and 2024.

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

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#### 13. LONG-TERM DEBT

Transactions related to the Company's long-term debt for the year ended December 31, 2025 and 2024 include the following:

	<u>13.1</u>	<u>13.2</u>	<u>13.3</u>	<u>13.4</u>	<u>13.5</u>	<u>13.6</u>	<u>13.7</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance, December 31, 2023	389,283	397,013	76,408	-	-	-	-	862,704
Advances	-	-	-	1,285,000	662,251	450,000	-	2,397,251
Interest expense	34,752	40,580	11,890	85,112	-	10,938	-	183,272
Payments	(383,333)	(395,055)	(88,298)	(223,991)	(50,760)	-	-	(1,141,437)
Balance, December 31, 2024	<b>40,702</b>	<b>42,538</b>	-	<b>1,146,121</b>	<b>611,491</b>	<b>460,938</b>	-	<b>2,301,790</b>
Amortization	-	-	-	-	630,345	-	12,000,000	12,630,345
Debt issuance costs	-	-	-	-	-	-	(739,313)	(739,313)
Accretion	-	-	-	-	-	-	181,694	181,694
Interest expense	3,048	3,405	-	66,170	68,365	68,438	479,108	688,534
Payments	(43,750)	(45,943)	-	(361,103)	(723,876)	-	(1,292,849)	(2,467,521)
<b>Balance, December 31, 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>851,188</b>	<b>586,325</b>	<b>529,376</b>	<b>10,628,640</b>	<b>12,595,529</b>
Current portion	-	-	-	851,188	216,474	-	1,508,566	2,576,228
Non-current portion	-	-	-	-	369,851	529,376	9,120,074	10,019,301

#### 13.1 Note payable owed by Golden Harvests

On May 1, 2021, the Company assumed a note payable owed by Golden Harvests with a carrying value of \$227,056. The note is for a principal amount of \$250,000, interest payable monthly at 10% per annum, and a maturity date of January 14, 2024. After the maturity date, additional interest payments are due quarterly, at amounts that cause total interest paid over the life of the debt to equal \$250,000. The note is reported at amortized cost using an effective interest rate of approximately 33%. The note was fully repaid during the year ended December 31, 2025.

#### 13.2 Note payable owed by GR Distribution

On January 27, 2021, debt was issued by GR Distribution with a principal amount of \$250,000, interest payable monthly at 10% per annum, and a maturity date of January 27, 2024. After the maturity date, additional interest payments are due quarterly, at amounts that cause total interest paid over the life of the debt to equal \$250,000. The note is reported at amortized cost using an effective interest rate of approximately 27%. The note was fully repaid during the year ended December 31, 2025.

## **Grown Rogue International Inc.**

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

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

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#### **13. LONG-TERM DEBT (CONTINUED)**

##### **13.3 Note payable owed by GR Distribution**

On November 23, 2020, debt was issued by GR Distribution with a principal amount of \$125,000, interest payable monthly at 10% per annum, and a maturity date of November 23, 2023. After the maturity date, additional interest payments are due quarterly, at amounts that cause total interest paid over the life of the debt to equal \$125,000. The note is reported at amortized cost using an effective interest rate of approximately 27%. The note was fully repaid during the year ended December 31, 2024.

##### **13.4 Note payable owed by GRU Properties**

On January 12, 2024, debt with a principal amount of \$1,285,000 was received, secured by deed of trust of \$1,285,000. Interest is paid at the higher of 5% or the London Interbank Offered Rate ("LIBOR") for the first twelve months. For the thirteenth month to the twenty-fourth month, interest is paid at the higher of 6% or the LIBOR and for twenty-fifth month to the thirty-sixth month, interest is paid at the higher of 7% or the LIBOR. Interest is paid at the end of the month in arrears and is computed based on a 30-day month and has a maturity date of December 1, 2027. The note is reported at amortized cost using an effective rate of approximately 7.2%.

##### **13.5 Promissory notes payable owed by ABCO**

On March 15, 2024, ABCO entered into a loan agreement whereby ABCO may borrow up to \$1,100,000 from the lender in the form of secured promissory notes ("Advances"). The Advances are in the form of a promissory note of not less than \$150,000 with interest rate to be determined at the time of borrowing. At any time after ABCO has paid twelve months' worth of interest on any Advance it may prepay such Advance in whole without penalty. To prepay before such time, Borrower must pay twelve months' worth of interest in addition to the otherwise payable payoff amount. The lender has a first priority lien and security interest in favor of the assets of ABCO.

During the year ended December 31, 2024 the Company borrowed \$662,251 as a first Advance. The interest rate on the borrowing was 17.32%. During the year ended December 31, 2025, the Company recorded interest expense of \$3,240 related to the borrowing (year ended December 31, 2024 - \$nil). The borrowing for the first Advance plus accrued interest was paid in full during the year ended December 31, 2025.

During the year ended December 31, 2025 the Company borrowed \$630,345 through a series of Advances. The interest rate on the borrowings was 16%. During the year ended December 31, 2025, the Company has recorded interest expense of \$65,124 related to the borrowings.

##### **13.6 Convertible promissory note owed by ABCO**

On October 17, 2024, debt was issued by ABCO with a principal amount of \$450,000, accruing interest at 15% per annum, and a maturity date of October 17, 2027. The convertible promissory note is subject to an extension to October 17, 2028 if the CRC has not provided GR Unlimited its approval to exercise GR Unlimited's option to acquire up to a total of 70% of the issued and outstanding equity of Nile of NJ LLC (Notes 9.2 and 9.4) and an additional extension to October 17, 2029 if GR Unlimited has not received CRC approval by October 17, 2028. Upon GR Unlimited receiving written notification of the CRC approval, the Nile of NJ LLC has the right and option to convert all or part of the outstanding principal and accrued and unpaid interest into equity of ABCO at a conversion rate equal to 1% of the equity of ABCO on a fully-diluted basis per \$28,571 of principal and accrued interest unpaid at date of receipt of the conversion notice.

## **Grown Rogue International Inc.**

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

For the Years Ended December 31, 2025 and 2024

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#### **13. LONG-TERM DEBT (CONTINUED)**

The Company evaluated the conversion feature under the guidance in ASC 815 and determined that the feature does not qualify as a derivative instrument because CRC approval is required, which precludes net cash settlement and results in the absence of a readily determinable fair value at inception. Additionally, the conversion feature meets the scope exception for contracts indexed to the Company's own equity in accordance with ASC 815-40.

##### **13.7 Western Alliance credit facility**

On March 27, 2025, the Company entered and closed a \$7,000,000 credit facility with Bridge Bank, a division of Western Alliance Bank ("WAB"), which is a national, FDIC-insured commercial bank. The Company incurred financing costs of \$263,374 in connection with closing the loan. The Company intends to use the loan proceeds to support existing growth initiatives, provide additional working capital, and refinancing a small amount of existing debt. The credit facility has a term of four years and bears interest at a rate equal to the greater of a) the Secured Overnight Financing Rate ("SOFR") plus 4.9% and b) 9.0% per annum. Based on the current SOFR rate of 4.3%, this implies a current interest rate of 9.2% per annum. The facility amortizes over a six-year period and there are no prepayment penalties. Interest will be paid on a monthly basis. On September 9, 2025, the Company amended the credit facility limit to a maximum of \$12,000,000 and a further \$5,000,000 was drawn. The Company incurred financing costs of \$383,815 in connection with closing the loan. This credit facility has a term of three and a half years and bears interest at a rate equal to the greater of a) the SOFR plus the applicable margin and b) 9.0% per annum. The obligations owed under the credit facility are secured by way of a general security agreement executed by the Company and its subsidiaries, in which the Company and its subsidiaries each granted the lender a security interest in the collateral pledged under the agreement. The collateral pledged includes all assets of the Company; this includes accounts, inventory, equipment, investments, and property, including trademarks and mortgaged real property located in Oregon, unless otherwise agreed to by the parties to the agreement.

Pursuant to the credit agreement with WAB, the Company shall not permit the "Fixed Charge Coverage Ratio"<sup>1</sup> to be less than 1.5 to 1.0 and shall not permit the "Leverage Ratio"<sup>1</sup> to be more than 2.0 to 1.0, as of the last day of any fiscal quarter. As at December 31, 2025, the Company was in compliance with all covenants.

On March 27, 2025, there was the First Amendment to the credit agreement which changed the commencement date of repayment from April 1, 2025 to May 1, 2025. On April 30, 2025, the Second Amendment to the credit agreement was executed. The Second Amendment adds an additional debt covenant where for so long as any obligation remains unpaid or any advances are available to the borrower, the Company shall not, without the lender's prior written, permit the "Current Ratio" to be less than 1.5 to 1.0 as of the last day of any fiscal quarter, commencing June 30, 2025. Additionally, pursuant to the Second Amendment, the Company is no longer required to maintain an aggregate balance of the Company's deposit accounts with WAB as of the last day of any month to be at least (a) 70% of the balance of the loan at any time through December 31, 2027, or (b) 50% of the balance of the loan at any time thereafter. Instead, the Company shall not permit the aggregate balance of the Company's deposit accounts with WAB to be less than \$2,000,000 as of the last day of any month pursuant to the Second Amendment.

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<sup>1</sup> As defined in the agreement.

**Grown Rogue International Inc.****Notes to the Consolidated Financial Statements**

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**13. LONG-TERM DEBT (CONTINUED)**

During the year ended December 31, 2025, the Company made principal and interest payments of \$1,292,849. All financing costs are treated as a contra-liability, to be netted against the outstanding loan balance and amortized over the remaining life of the loan. As at December 31, 2025, \$465,495 of deferred financing costs remain unamortized. The Company was compliant with the debt covenants under the agreements for this credit facility.

A summary of the maturity of contractual undiscounted liabilities associated with the Company's long-term debt as of December 31, 2025 is as follows:

<b>Year ended December 31,</b>	<b>Amount (\$)</b>
2026	3,731,547
2027	3,482,392
2028	2,608,891
2029	5,876,974
2030	-
Thereafter	-
<b>Total payments</b>	<b>15,699,804</b>
Less: Unamortized interest and debt discounts	(3,104,275)
<b>Total long-term debt</b>	<b>12,595,529</b>

**14. CONSIDERATION PAYABLE ON ACQUISITIONS**

The following table summarizes the movement in consideration payable on acquisitions:

<b>Consideration payable on acquisitions</b>	<b>\$</b>
Balance, December 31, 2023	360,000
Buyout of Canopy minority interest	780,000
Acquisition of an additional 20% membership units in Golden Harvest	1,134,953
Canopy buyout payments	(271,438)
Golden Harvests 20% acquisition payments	(530,000)
Amortization expense	756,906
<b>Balance, December 31, 2024</b>	<b>2,230,421</b>
Canopy buyout payments	(173,157)
Golden Harvests 20% acquisition payments	(437,375)
Amortization expense	447,592
<b>Balance, December 31, 2025</b>	<b>2,067,481</b>
Current portion	455,844
Non-current portion	1,611,637

## **Grown Rogue International Inc.**

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For the Years Ended December 31, 2025 and 2024

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#### **14. CONSIDERATION PAYABLE ON ACQUISITIONS (CONTINUED)**

##### **14.1 Canopy buyout**

On April 24, 2024, the Company acquired the 13% non-controlling interest in Canopy, after which the Company owned a 100% interest in Canopy, for aggregate consideration of \$780,000 comprised of upfront cash payments of \$156,000 and deferred cash payments of \$624,000. The deferred cash payments are to be paid in 48 equal installments with a 5.21% interest rate applied. Consideration remaining to be paid at the date of these consolidated financial statements included cash payments of \$404,032 with a carrying value of \$380,049. During the second quarter of 2025, Canopy was dissolved due to regulatory milestones being achieved related to the cannabis license used in Golden Harvests' operations.

##### **14.2 Golden Harvests**

On May 1, 2021, the Company acquired a controlling 60% interest in Golden Harvests for aggregate consideration of \$1,007,719 comprised of 1,025,000 SV Shares of the Company with a fair value of \$158,181 and cash payments of \$849,536. On December 1, 2021, the Company and the seller of the 60% controlling interest in Golden Harvests agreed to extend the due date of the cash portion of consideration payable on acquisitions until December 31, 2024, in exchange for monthly payments at a rate of 18% per annum. During the year ended October 31, 2023, 200,000 SV Shares of the Company, issuable since May 1, 2021, with an aggregate fair value of \$35,806, were issued to the seller. Consideration remaining to be paid as of December 31, 2025, included cash consideration of \$300,000. With a carrying value of \$300,000.

On April 24, 2024, the Company acquired an additional 20% interest in Golden Harvests for aggregate consideration of \$2,342,207 comprised of deferred cash payments of \$2,000,000 (the Initial Purchase Price or "IPP") plus true-up amounts (the Additional Purchase Price or "APP"). The IPP is to be paid for in thirteen quarterly installments beginning on January 1, 2025. The Company may pay all or part of the cash portion of the consideration payable on business acquisitions after January 1, 2025. The IPP was recorded at its fair value at the date of inception of \$1,134,952. IPP remaining to be paid at the date of these consolidated financial statements included cash payments of \$1,900,000 with a carrying value of \$1,387,432.

The APP is calculated on a distribution equivalent basis whereby the seller receives a true-up payment pro-rata based on the proportion of remaining IPP balance at the time of the distribution payment made to the Company. If distribution equivalent amounts in any quarter are in excess of the minimum interest amounts, then no minimum interest amount is due. The distribution equivalent is reduced pro-rata in accordance with amounts paid down against sellers IPP.

**Grown Rogue International Inc.****Notes to the Consolidated Financial Statements**

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**15. CONVERTIBLE DEBENTURES**

Transactions relating to the Company's convertible debentures for the years ended December 31, 2025 and 2024, include the following:

<b>Movement in convertible debt</b>	<b>16.1</b>	<b>16.2</b>	<b>16.3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance - December 31, 2023	<b>179,130</b>	<b>401,820</b>	<b>2,179</b>	<b>583,129</b>
Debt settlement through conversion	(216,978)	(99,710)	(3,967)	(320,655)
Interest expense	16,792	397,615	38,219	452,626
Amortization expense	36,671	363,343	2,061	402,075
Debt and interest payments	(15,615)	(399,332)	(38,492)	(453,439)
Balance - December 31, 2024	-	<b>663,736</b>	-	<b>663,736</b>
Debt settlement through conversion	-	(778,373)	-	(778,373)
Interest expense	-	79,755	-	79,755
Amortization expense	-	114,637	-	114,637
Debt and interest payments	-	(79,755)	-	(79,755)
<b>Balance - December 31, 2025</b>	-	-	-	-

**15.1 9% Convertible debentures with original principal amount of \$2,000,000**

On December 5, 2022, the Company closed a non-brokered private placement of the convertible debentures with aggregate principal amount of \$2,000,000. ("December Convertible Debentures"). The December Convertible Debentures accrue interest at 9% per year, paid quarterly, and mature 36 months from the date of issue. The December Convertible Debentures are convertible into SV Shares of the Company at a conversion price of \$0.15 (CAD\$0.20) per SV Share. Additionally, on closing, the Company issued to the purchasers of the December Convertible Debentures an aggregate of 6,716,499 warrants, that represents 50% coverage of each purchaser's Convertible Debenture investment ("December Warrants"). The December Warrants are exercisable for a period of three years from issuance into SV Shares at an exercise price of \$0.15 (CAD\$0.25) per SV Share. The Company has the right to accelerate the warrants if the closing share price of the SV Shares on the Canadian Securities Exchange is \$0.30 (CAD\$0.40) or higher for a period of 10 consecutive trading days.

During the year ended December 31, 2024, the Company issued the notice of acceleration dated March 1, 2024, required by the warrant certificates governing the December Warrants, which accelerated the expiry date to 90 days from the date of notice.

During the year ended December 31, 2024, holders of \$350,000 aggregate principal value of the December Convertible Debentures exercised their conversion options resulting in the Company issuing 5,388,062 SV Shares and the transfer of the carrying amount of the December Convertible Debentures at the time of conversion of \$1,343,255 to SV Shares.

## **Grown Rogue International Inc.**

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

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#### **15. CONVERTIBLE DEBENTURES (CONTINUED)**

##### **15.2 9% Convertible debentures with original principal amount of \$5,000,000**

On July 13, 2023, the Company closed of a non-brokered private placement of unsecured convertible debentures with an aggregate principal amount of \$5,000,000 (“July Convertible Debentures”). The July Convertible Debentures accrue interest at 9% per year, paid quarterly, and mature 48 months from the date of issue. The July Convertible Debentures are convertible into SV Shares of the Company at a conversion price of \$0.17 (CAD\$0.24) per SV Share, at any time on or prior to the maturity date. Additionally, on closing, the Company issued to the subscribers of the July Convertible Debentures an aggregate of 13,737,500 warrants, that represents one-half of one warrant for each \$0.17 (CAD\$0.24) of Principal amount subscribed (“July Warrants”). The July Warrants are exercisable for a period of three years from issuance into SV Shares at an exercise price of CAD\$0.28 per SV Share. The Company has the right to accelerate the warrants if the closing share price of the SV Shares on the Canadian Securities Exchange is \$0.30 (CAD\$0.40) or higher for a period of 10 consecutive trading days.

During the year ended December 31, 2024, the Company issued the notice of acceleration dated March 1, 2024, required by the warrant certificates governing the July Warrants, which accelerated the expiry date to 90 days from the date of notice.

During the year ended December 31, 2024, holders of \$950,000 aggregate principal value of the July Convertible Debentures exercised their conversion options resulting in the Company issuing 2,413,525 SV Shares and the transfer of the carrying amount of the July Convertible Debentures at the time of conversion of \$3,208,273 to paid in capital. During the year ended December 31, 2025, holders of \$4,050,000 aggregate principal value of the July Convertible Debentures exercised their conversion options resulting in the Company issuing 24,065,125 SV Shares and the transfer of the carrying amount of the July Convertible Debentures at the time of conversion of \$7,422,809 to SV Shares.

##### **15.3 9% Convertible debentures with original principal amount of \$1,000,000**

On August 17, 2023, the Company closed the second and final tranche of a non-brokered private placement of unsecured convertible debentures for gross proceeds of \$1,000,000 (“August Convertible Debentures”), for a total aggregate principal amount under both tranches of \$6,000,000 with the July Convertible Debentures. Additionally, on closing, the Company issued to subscribers under the second tranche an aggregate of 2,816,250 warrants (“August Warrants”). The terms of the August Convertible Debentures and August Warrants issued as part of this second tranche are the same as those issued in the July Convertible Debentures and July Warrants.

During the year ended December 31, 2024, the Company issued the notice of acceleration dated March 1, 2024, required by the warrant certificates governing the August Warrants, which accelerated the expiry date to 90 days from the date of notice.

During the year ended December 31, 2024, holders of \$1,000,000 aggregate principal value of the August Convertible Debentures exercised their conversion options resulting in the Company issuing 5,682,083 SV Shares and the transfer of the carrying amount of the August Convertible Debentures at the time of conversion of \$3,550,940 to SV Shares.

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

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#### 16. DERIVATIVE LIABILITY

##### 16.1 Convertible Debenture conversion feature

The Company has determined that the conversion feature embedded in the December Convertible Debentures, July Convertible Debentures, and August Convertible Debentures (collectively the “Debentures”) constitute a derivative liability and they have been bifurcated from the Debentures on closing and recorded as a conversion feature of \$4,793,472, with a corresponding discount recorded to the associated debt, on the accompanying balance sheets to be amortized over the term of the Debentures.

The following is a summary of movements in the conversion feature during the years ended December 31, 2025 and 2024:

Conversion feature	\$
Balance, December 31, 2023	7,482,382
Conversion	(7,781,813)
Realized loss on conversion	5,049,209
Unrealized loss on conversion	7,754,402
Balance, December 31, 2024	12,504,180
Conversion	(6,644,436)
Realized loss on conversion	(5,859,744)
<b>Balance, December 31, 2025</b>	<b>-</b>

Significant assumptions used in calculating the fair value of the conversion feature of the Debentures at the date of issuance and December 31, 2024, are as follows:

Date	Expected dividends	Expected volatility	Risk-free rate of interest	Expected term (years)	Closing price per common share
December 5, 2022	0%	112.3%	4.53%	4.00	\$ 0.11 (CAD\$0.14)
July 13, 2023	0%	100.6%	4.53%	4.00	\$ 0.17 (CAD\$0.23)
August 17, 2023	0%	100.6%	4.81%	4.00	\$ 0.19 (CAD\$0.25)
December 31, 2024	0%	80.5%	2.92%	2.53	\$ 0.65 (CAD\$0.93)

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

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#### 16. DERIVATIVE LIABILITY (CONTINUED)

##### 16.2 Western Alliance Credit Interest Rate Swap

On May 14, 2025, the Company executed an interest rate swap transaction with WAB for Tranche 1. The Company will bear interest of 8.07% per annum whereas WAB bears 4.32520% plus 400 bps interest per annum. The interest rate swap gives rise to a derivative liability, which was initially recorded at \$92,124.

On September 15, 2025, the Company executed an interest rate swap transaction with WAB for Tranche 2. The Company will bear interest of 7.53% per annum whereas WAB bears 4.1739% plus 400 bps interest per annum. The interest rate swap gives rise to a derivative liability, which was initially recorded at \$24,644.

The derivative liability was remeasured at December 31, 2025, and was estimated to be \$137,041 for both tranches.

The following is a summary of movements in the interest rate swap during the years ended December 31, 2025 and 2024:

Interest rate swap	\$
Balance, December 31, 2023 and 2024	-
Initial recognition	116,768
Unrealized loss	20,273
<b>Balance, December 31, 2025</b>	<b>137,041</b>

#### 17. WARRANT LIABILITY

The Company has determined that the warrants associated with the Debentures constitute a derivative liability and they have been bifurcated from the Debentures and recorded as a warrant liability of \$2,074,892, with a corresponding discount recorded to the associated debt, on the accompanying balance sheet to be amortized over the term of the Debentures.

The following is a summary of movements in the warrant liability during the years ended December 31, 2025 and 2024:

Warrant Liability	\$
Balance, December 31, 2023	4,270,342
Exercise	(6,012,052)
Realized loss on warrant liability	1,741,710
<b>Balance, December 31, 2024 and 2025</b>	<b>-</b>

Significant assumptions used in calculating the fair value of the warrant liability of the Debentures at the date of issuance are as follows:

Date	Expected dividends	Expected volatility	Risk-free rate of interest	Expected term (years)	Closing price Per common share
December 5, 2022	0%	112.3%	3.72%	3.00	\$ 0.11 (CAD\$0.14)
July 13, 2023	0%	100.6%	4.53%	3.00	\$ 0.17 (CAD\$0.23)
August 17, 2023	0%	100.6%	4.81%	3.00	\$ 0.19 (CAD\$0.25)

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

#### 18. SHARE CAPITAL

##### 18.1 Capital stock

The Company is authorized to issue an unlimited number of common shares at no par value and an unlimited number of preferred shares issuable in series.

##### 18.2 Share reorganization

On June 24, 2024, the Company completed the Share Reorganization as approved by the Company's shareholders at its annual and special meeting. Pursuant to the Share Reorganization, the Company amended its articles to redesignate its existing class of common shares without par value in the capital of the Company as SV Shares and created a new class of unlisted multiple voting shares ("MV Shares"). The SV Shares can be converted into MV Shares at a conversion ratio of 1,000:1, and the MV Shares carry 1,000 votes per share.

##### 18.3 Dividends

The directors may declare dividends on one or more class of shares to the exclusion of the others or declare dividends at different rates on different classes of shares, at their discretion. No dividends shall be declared on SV Shares or the MV Shares if to do so would reduce the value of the net assets of the Company to less than the paid-up capital of the common stock.

No dividends have been declared by the Company for the year ended December 31, 2025 and 2024.

#### 19. WARRANTS

The following table summarizes the warrant activities for the years ended December 31, 2025 and 2024:

	Number of warrants	Weighted average exercise price	Weighted average remaining life (years)	Aggregate intrinsic value (\$)
Balance - December 31, 2023	31,770,249	\$ 0.19 (CAD\$0.26)	3.01	2,907,924
Exercise to SV shares for December warrants	(6,716,499)	\$ 0.18 (CAD\$0.25)	-	2,245,712
Exercise to SV shares for July warrants	(13,737,500)	\$ 0.20 (CAD\$0.28)	-	3,418,504
Exercise to SV shares for August warrants	(2,816,250)	\$ 0.20 (CAD\$0.28)	-	938,472
Forfeit and return of cancelled warrants (Note 7)	(4,500,000)	\$ 0.16 (CAD\$0.23)	-	-
Balance, December 31, 2024	4,000,000	\$ 0.16 (CAD\$0.225)	3.76	1,959,830
<b>Balance, December 31, 2025</b>	<b>4,000,000</b>	<b>\$ 0.16 (CAD\$0.225)</b>	<b>2.76</b>	<b>1,386,254</b>

As at December 31, 2025 and 2024, the following warrants were issued and outstanding:

Expiry date	Number of warrants outstanding	Exercise price
October 5, 2028	4,000,000	\$ 0.16 (CAD\$0.225)
	<b>4,000,000</b>	<b>\$ 0.16 (CAD\$0.225)</b>

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

## 20. STOCK OPTIONS AND RESTRICTED STOCK UNITS

The Company's board of directors adopted the 2020 Equity Incentive Plan (the "Plan") on July 21, 2020. The Company may issue awards under the Plan equal to 20% of the total SV Shares outstanding. The Company may issue stock options, stock appreciation rights, restricted stock and restricted stock units ("RSU's").

### 20.1 Stock options

The following table summarizes the stock option movements for the year ended December 31, 2025 and 2024:

	Number of stock options	Weighted average exercise price	Aggregate intrinsic value (\$)
Balance, December 31, 2023	11,800,000	\$ 0.13 (CAD\$0.18)	1,791,547
Granted to employees <sup>(1)(2)</sup>	5,445,000	\$ 0.62 (CAD\$0.85)	-
Granted to service providers <sup>(1)</sup>	1,910,000	\$ 0.62 (CAD\$0.85)	-
Exercised	(3,686,308)	\$ 0.11 (CAD\$0.15)	1,638,097
Forfeited	(103,692)	\$ 0.11 (CAD\$0.15)	-
Balance, December 31, 2024	15,365,000	\$ 0.37 (CAD\$0.51)	4,527,243
Granted to employees <sup>(3)(4)(5)</sup>	2,330,000	\$ 0.61 (CAD\$0.83)	-
Exercised	(2,764,167)	\$ 0.15 (CAD\$0.21)	703,068
Forfeited	(1,040,833)	\$ 0.43 (CAD\$0.60)	-
<b>Balance, December 31, 2025</b>	<b>13,890,000</b>	<b>\$ 0.45 (CAD\$0.61)</b>	<b>1,835,510</b>

(1) On August 31, 2024, the Company issued 4,945,000 stock options to employees and 1,910,000 stock options to service providers. The stock options have an exercise price of \$0.62 (CAD\$0.84). The options expire as follows: 3,470,000 stock options expire on August 31, 2027, 75,000 stock options expire on August 31, 2028, and 1,400,000 stock options expire on August 31, 2029. The options vest as follows: 6,805,000 options vest in 3 equal tranches on December 31, 2024, 2025 and 2026 and 50,000 stock options vest on August 31, 2025.

(2) On December 31, 2024, the Company issued 500,000 stock options to the Company's Chief Financial Officer. The stock options have an exercise price of \$0.69 (CAD\$0.93) and expire on December 31, 2028. The options vest in 3 equal tranches on December 31, 2025, December 31, 2026 and December 31, 2027.

(3) On February 3, 2025, the Company issued 2,000,000 stock options to an employee. The stock options have an exercise price of \$0.63 (CAD\$0.87) and expire on February 3, 2029. The options vest in 25 equal monthly tranches commencing on March 3, 2025.

(4) On March 18, 2025, the Company issued 30,000 stock options to an employee. The stock options have an exercise price of \$0.52 (CAD\$0.74) and expire on March 18, 2028. The options vest as follows: 10,000 vest on March 18, 2026 and 20,000 vest on March 18, 2027.

(5) On September 3, 2025, the Company issued 300,000 stock options to an employee. The stock options have an exercise price of \$0.43 (CAD\$0.61) and expire on September 3, 2029. The options vest in 4 equal tranches on March 4, 2026, September 3, 2026, March 4, 2027 and September 3, 2027.

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

#### 20. STOCK OPTIONS AND RESTRICTED STOCK UNITS (CONTINUED)

The following is a summary of the outstanding stock options as at December 31, 2025:

Expiry Date	Outstanding (#)	Aggregate intrinsic value (\$)	Exercisable (#)	Aggregate intrinsic value (\$)	Exercise price (\$)	Remaining contractual life (years)
April 19, 2026	300,000	120,385	300,000	120,385	\$ 0.11 (CAD\$0.15)	0.30
January 10, 2027	3,725,000	1,494,783	3,725,000	1,494,783	\$ 0.11 (CAD\$0.15)	1.03
September 14, 2027	300,000	87,553	233,333	68,097	\$ 0.22 (CAD\$0.30)	1.70
November 16, 2027	500,000	113,089	500,000	113,089	\$ 0.28 (CAD\$0.39)	1.88
August 31, 2027	4,760,000	-	3,189,988	-	\$ 0.61 (CAD\$0.84)	1.67
March 18, 2028	30,000	-	-	-	\$ 0.54 (CAD\$0.74)	2.21
December 31, 2028	500,000	-	166,666	-	\$ 0.68 (CAD\$0.93)	3.00
August 31, 2028	75,000	-	49,999	-	\$ 0.61 (CAD\$0.84)	2.67
February 3, 2029	2,000,000	-	458,333	-	\$ 0.63 (CAD\$0.87)	3.10
August 31, 2029	1,400,000	-	933,333	-	\$ 0.61 (CAD\$0.84)	3.67
September 3, 2029	300,000	19,699	-	-	\$ 0.45 (CAD\$0.61)	3.68
	<b>13,890,000</b>	<b>1,835,509</b>	<b>9,556,652</b>	<b>1,796,354</b>		<b>1.98</b>

During the year ended December 31, 2025, the Company recognized share-based payment expense of \$1,270,714 within share-based compensation expense on the consolidated statement of net income (loss) and comprehensive income (loss) (year ended December 31, 2024 - \$984,772) related to vested stock options. The Company has unrecognized stock-based compensation expense of \$728,387 associated with outstanding stock options.

The Company has computed the fair value of share purchase options granted using the Black-Scholes option pricing model. The expected term used for options issued to non-employees is the contractual life and the expected term used for options issued to employees and directors is the estimated period of time that options granted are expected to be outstanding. The Company utilizes the "simplified" method to develop an estimate of the expected term of "plain vanilla" employee share purchase option grants. The Company is utilizing an expected volatility figure based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

The Company applied the following inputs in the Black-Scholes option pricing model for the year ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Share price	\$ 0.60 (CAD\$0.94)	\$ 0.62 (CAD\$0.88)
Expected life options (years)	2.53	2.19
Expected volatility	94.77%	70.64%
Expected dividend yield	0%	0%
Risk-free interest rate	2.62%	2.78%
Black-Scholes value of each option	\$ 0.34	\$ 0.26

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

## 20. STOCK OPTIONS AND RESTRICTED STOCK UNITS (CONTINUED)

### 20.2 Restricted stock units

The following table summarizes the RSU's movements for the year ended December 31, 2025 and 2024:

	Number of RSUs (#)	Weighted average issue price (\$)	Aggregate intrinsic value (\$)
Balance, December 31, 2023	-	-	-
Granted to employees <sup>(1)(2)</sup>	725,700	\$ 0.63 (CAD\$0.86)	454,913
Balance, December 31, 2024	725,700	\$ 0.63 (CAD\$0.86)	469,040
Granted to employees <sup>(3)</sup>	1,234,375	\$ 0.66 (CAD\$0.91)	729,045
Exercised <sup>(1)</sup>	(463,575)	\$ 0.65 (CAD\$0.90)	257,250
<b>Balance, December 31, 2025</b>	<b>1,496,500</b>	<b>\$ 0.65 (CAD\$0.89)</b>	<b>764,300</b>

(1) On August 31, 2024, the Company issued 454,200 RSU's to employees of which 80,200 RSU's expire on January 1, 2025 (80,200 RSU's were exercised during the year ended December 31, 2025 resulting in the issuance of 80,200 SV Shares) and 374,000 RSU's expire on January 1, 2026 (modified on December 31, 2025 to expire on January 1, 2027 as noted below).

(2) On December 31, 2024, the Company issued 271,500 RSU's to employees of which 60,000 RSU's expire on December 31, 2025 (modified on December 31, 2025 to expire on December 31, 2026 as noted below) and 211,500 RSU's expire on January 1, 2026 (211,500 RSU's were exercised during the year ended December 31, 2025 resulting in the issuance of 211,500 SV Shares).

(3) On January 1, 2025, the Company issued 78,125 RSU's to an employee which expire on June 30, 2025 (exercised during the year ended December 31, 2025 resulting in the issuance of 78,125 SV Shares).

(4) On February 1, 2025, the Company issued 1,156,250 RSU's to employees which expire on January 1, 2026 (968,750 RSU's were modified on December 31, 2025 to expire on January 1, 2027 as noted below) (93,750 RSU's were exercised during the year ended December 31, 2025 resulting in the issuance of 93,750 SV Shares).

On December 31, 2025, the Company modified 1,342,750 outstanding RSU's held by employees and service providers to extend the maturity date to January 1, 2027 and modified 60,000 outstanding RSU's held by an employee to extend the maturity date to December 31, 2026. This modification did not result in an incremental charge as the Company's share price on the date of initial grant was more than the Company's share price on the date of modification. When the share price has fallen: (1) the pre-modification fair value is already lower, and (2) the post-modification fair value is usually equal to or less than that amount. Therefore, there is usually no incremental fair value as a result of the modification and no incremental compensation cost is recognized. Remaining unrecognized costs continue to be recognized.

**Grown Rogue International Inc.****Notes to the Consolidated Financial Statements**

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

**20. STOCK OPTIONS AND RESTRICTED STOCK UNITS (CONTINUED)**

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

Expiry Date	Exercise price	Outstanding at December 31, 2025	Weighted average remaining contractual life (years)
December 31, 2026	\$ 0.66 (CAD\$0.91)	60,000	1.00
January 1, 2026	\$ 0.66 (CAD\$0.91)	93,750	0.00
January 1, 2027	\$ 0.61 (CAD\$0.83)	374,000	1.00
January 1, 2027	\$ 0.66 (CAD\$0.91)	968,750	1.00
	<b>\$ 0.65 (CAD\$0.89)</b>	<b>1,496,500</b>	<b>0.94</b>

During the year ended December 31, 2025, the Company recognized share-based payment expense of \$1,123,280 within share-based compensation expense on the consolidated statement of net income (loss) and comprehensive income (loss) (year ended December 31, 2024 - \$624,051) related to RSU's. The Company has computed the fair value of RSU's granted based on the Company's share price at the grant date.

Total share-based compensation expense for the year ended December 31, 2025 of \$2,393,994 is comprised of \$1,270,714 related to stock options and \$1,123,280 related to RSU's (year ended December 31, 2024 – total expense of \$1,608,823 comprised of \$984,772 related to stock options and \$624,051 related to RSU's).

**21. EARNINGS PER SHARE**

The calculation of earnings per share for the year ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025	2024
	\$	\$
Net income (loss)	3,229,957	(15,979,351)
Weighted average number of SV Shares outstanding	243,446,152	209,441,723
Dilutive effect of stock options outstanding	3,383,959	-
Dilutive effect of RSUs outstanding	1,496,500	-
Dilutive effect of warrants outstanding	2,537,964	-
Diluted weighted average number of SV Shares outstanding	250,864,575	209,441,723
Basic net income (loss) per share	0.01	(0.08)
Diluted net income (loss) per share	0.01	(0.08)

For the year ended December 31, 2024, the number of stock options, RSUs, and warrants excluded from the computation because the effects of these items would be anti-dilutive was 15,365,000, 725,700, and 4,000,000, respectively.

**Grown Rogue International Inc.****Notes to the Consolidated Financial Statements**

For the Years Ended December 31, 2025 and 2024

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**22. INCOME TAXES**

The Company is a Canadian resident company, as defined in the Income Tax Act (Canada) (the "ITA"), for Canadian income tax purposes. However, the Company and its subsidiaries are treated as United States corporations for US federal income tax purposes per the Internal Revenue Code (US) ("IRC") and are thereby subject to federal income tax on their worldwide income. As a result, the Company is subject to taxation both in Canada and the United States.

The domestic and foreign components of loss before income taxes for the years ended December 31, 2025 and 2024 were as follows:

	<b>Year ended December 31, 2025</b>	<b>Year ended December 31, 2024</b>
	<u>\$</u>	<u>\$</u>
Domestic - Canada	5,346,719	(12,838,299)
Foreign - outside of Canada	(513,323)	723,495
<b>Income (loss) before provision for income taxes</b>	<b>4,833,396</b>	<b>(12,114,804)</b>

The components of the income tax expense for the year ended December 31, 2025 and 2024 consisted of the following:

	<b>Year ended December 31, 2025</b>	<b>Year ended December 31, 2024</b>
	<u>\$</u>	<u>\$</u>
<b>Current income tax expense:</b>		
Federal	2,673,235	4,749,433
State	51,822	494,207
Total current tax expense	<u>2,725,057</u>	<u>5,243,640</u>
<b>Deferred income tax benefit:</b>		
Federal	(868,695)	(1,124,831)
State	(252,923)	(254,262)
Total deferred income tax benefit	<u>(1,121,618)</u>	<u>(1,379,093)</u>
Net income tax expense	<u>1,603,439</u>	<u>3,864,547</u>

**Grown Rogue International Inc.****Notes to the Consolidated Financial Statements**

For the Years Ended December 31, 2025 and 2024

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**22. INCOME TAXES (CONTINUED)**

A reconciliation of the Company's effective tax rate to the statutory United States federal income tax rate for the year ended December 31, 2025 and 2024 were as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
	\$	\$
Income (loss) before income taxes and noncontrolling interest	4,833,396	(12,114,804)
Statutory tax rates	21.00%	21.00%
Expected income tax expense (benefit)	1,015,013	(2,544,109)
State income taxes, net of federal income tax benefit	13,035	(354,760)
Share based compensation	240,115	332,154
Non-deductible expenses	(821,825)	2,879,095
Increase in uncertain tax position	737,921	2,590,439
Net change in deferred tax assets and liabilities	465,352	961,728
Other items	(46,172)	-
<b>Total income tax expense:</b>	<b>1,603,439</b>	<b>3,864,547</b>

The following tax assets (liabilities) arising from temporary differences and non-capital losses have been recognized in the consolidated financial statements for the year ended December 31, 2025 and 2024. Net operating loss carryforwards are presented net of the uncertain tax position liability.

	December 31, 2025	December 31, 2024
	\$	\$
<b>Deferred tax assets:</b>		
Property, plant and equipment	514,290	271,624
Allowance for doubtful accounts	208,731	115,956
Right of use Leases	34,919	-
Derivative liability	172,299	-
Net operating loss carryforward (state)	592,521	362,706
<b>Deferred tax liabilities:</b>		
Right of use leases	-	(58,181)
<b>Net deferred tax assets</b>	<b>1,522,760</b>	<b>692,105</b>

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

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#### 22. INCOME TAXES (CONTINUED)

The Company must make judgements as to the realization of deferred tax assets that are dependent upon a variety of factors, including the generation of future taxable income, the reversal of deferred tax liabilities, and tax planning strategies. To the extent that the Company believes that recovery is not likely, it must establish a valuation allowance. No valuation allowance has been established for the years ended December 31, 2025 and 2024 as the Company believes it meets the “more likely than not” criteria.

As the Company operates in the legal cannabis industry, certain subsidiaries of the Company are subject to the limits of Internal Revenue Code (“IRC”) Section 280E for U.S. federal income tax purposes. Under IRC Section 280E, these subsidiaries are generally only allowed to deduct expenses directly related to cost of goods sold. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss recognized for financial reporting purposes.

The Company is treated as a U.S. corporation for U.S. federal income tax purposes under IRC Section 7874 and is subject to U.S. federal income tax on its worldwide income. However, for Canadian tax purposes, the Company, regardless of any application of IRC Section 7874, is treated as a Canadian resident company for Canadian income tax purposes as defined in the Income Tax Act (Canada). As a result, the Company is subject to taxation both in Canada and the United States. Notwithstanding the foregoing, it is management’s expectation that the Company’s activities will be conducted in such a manner that income from operations will not be subjected to double taxation. The Company is also subject to state income taxation in various state jurisdictions in the United States including New Jersey, Michigan and Oregon.

The following table summarizes the uncertain tax position recognized net of certain deferred tax assets in the consolidated financial statements for the year ended December 31, 2025:

#### Uncertain tax position inclusive of penalties and interest:

	\$
<b>Balance - December 31, 2023</b>	2,128,057
Additions based on tax positions related to the current year	3,562,881
Additions for the tax positions of prior years	-
Reductions for tax positions of prior years	-
Settlements	-
Interest and penalties recorded in income tax expense	249,491
<b>Balance - December 31, 2024</b>	5,940,429
Additions based on tax positions related to the current year	3,078,881
Additions for the tax positions of prior years	-
Reductions for tax positions of prior years	-
Settlements	-
Interest and penalties recorded in income tax expense	435,030
<b>Balance - December 31, 2025</b>	<b>9,454,340</b>

## **Grown Rogue International Inc.**

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

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#### **22. INCOME TAXES (CONTINUED)**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax liabilities result primarily from amounts not deductible for accounting purposes until future periods. Deferred income tax assets result primarily from operating tax loss carry forwards and temporary differences related to property, plant and equipment and inventory, and have been offset against deferred income tax liabilities. As of December 31, 2025, the Company has estimated Canadian non-capital losses of CAD\$9,000,490. These Canadian non-capital losses are available to be carried forward, to be applied against Grown Rogue International Inc.'s taxable income earned in Canada over the next 19 years and expire between 2031 and 2043. The deferred tax benefit of these Canadian tax losses has not been set up as an asset as it is not probable that sufficient taxable profits will be available for Canadian tax purposes to realize the carryforward of unused tax losses. Additionally, the deferred tax benefit of capitalized transaction costs and startup costs have not been setup as a deferred tax benefit asset since it is not probable that sufficient taxable profits will be available for U.S. tax purposes to realize these deductible temporary differences.

The Company operates in various United States state tax jurisdictions and is subject to examination of its income tax returns by tax authorities in those jurisdictions who may challenge any item on these returns. Because the tax matters challenged by tax authorities are typically complex, the ultimate outcome of these challenges is uncertain. The Company recognizes the benefits of uncertain tax positions in our financial statements only after determining that it is more likely than not that the uncertain tax positions will be sustained upon examination. The Company evaluates uncertain tax positions on a quarterly basis and adjusts the level of the liability to reflect any subsequent changes in the relevant facts surrounding the uncertain positions. The measurement of the uncertain tax position is based on the largest benefit amount to be realized upon settlement of the matter. If payment ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities are no longer necessary. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to income tax expense may result.

As at December 31, 2025, the Company recorded an uncertain tax liability of \$9,454,340 for uncertain tax positions primarily related to the treatment of certain transactions and deductions under IRC Section 280E based on legal interpretations that challenge the Company's tax liability under IRC Section 280E. These uncertain tax positions, inclusive of penalties and interest, are included in Other non-current liabilities on the consolidated statements of financial position net of net operating loss carryforwards.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes. There are no positions for which it is reasonably possible that the uncertain tax benefit will significantly increase or decrease within twelve months. The Company files income tax returns in the United States, including various state jurisdictions, and in Canada, which remain open to examination by the respective jurisdictions for the 2018 tax year to the present.

**Grown Rogue International Inc.****Notes to the Consolidated Financial Statements**

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**23. SUPPLEMENTAL CASH FLOW INFORMATION**

The changes to the Company's non-cash working capital for the year ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025	2024
	\$	\$
Accounts receivable	(1,351,145)	85,865
Inventory	1,000,948	(3,007,952)
Prepaid expenses	35,450	(364,496)
Accounts payable and accrued liabilities	(1,428,388)	1,548,570
Income tax payable	(1,620,708)	1,043,338
Uncertain tax position liability	3,376,740	2,545,477
<b>Total</b>	<b>12,897</b>	<b>1,850,802</b>

Interest and income taxes paid in cash for the year ended December 31, 2025 and 2024 were as follows:

	Year ended December 31,	
	2025	2024
	\$	\$
Income taxes paid in cash	645,055	388,649
Interest paid in cash	768,289	636,711

Non-cash investing and financing transactions for the year ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025	2024
	\$	\$
Note Payable to acquire property and equipment	-	1,285,000
Note payable to acquire equipment	-	139,409
Fair value of SV Shares issued to settle convertible debentures	7,422,809	8,102,468
Property, plant and equipment acquired through finance leases	337,337	-
Right-of-use assets acquired through operating leases	6,938,573	6,161,392

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

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#### 24. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2025 and 2024, the Company incurred the following related party transactions.

##### Transactions with Key Management Personnel

Key management personnel consist of the President and Chief Executive Officer (“CEO”); the Chief Financial Officer (“CFO”), and General Manager (“GM”) of the Company. The compensation to key management is presented in the following table:

	Year ended December 31,	
	2025	2024
	\$	\$
Salaries and consulting fees	1,289,551	1,297,145
Acquisition-related fees paid to GM (Michigan)		
Royalty fees paid to GM	-	263,000
Consulting fees paid to GM	120,000	-
Distribution payments	115,000	530,000
Transactions with majority owner of ABCO		
Consulting fees	21,667	-
Other fees	50,000	50,000
Fees paid to entity controlled by spouse of majority owner	553,997	3,695,399
Share-based compensation expense	591,978	409,708
<b>Total</b>	<b>2,742,193</b>	<b>6,245,252</b>

Included in accounts payable and accrued liabilities as at December 31, 2025 are \$159,413 (December 31, 2024 - \$1,204,421) due to key management related to the above noted transactions.

During the year ended December 31, 2025, 2,000,000 options were granted to the GM and the GM exercised 1,000,000 stock options into SV Shares. During the year ended December 31, 2025, an independent Director forfeited 250,000 stock options originally granted in January 2023, and 170,000 stock options originally granted in August 2024.

During the year ended December 31, 2024, 1,400,000 options were granted to the CEO, 170,000 options were granted to the CFO, 300,000 options were granted to the GM, 510,000 options were granted to independent Directors, and 300,000 stock options were granted to the wife of the CEO. During the year ended December 31, 2024, the CFO exercised 1,000,000 stock options into SV Shares, independent Directors exercised 250,000 stock options into SV Shares, and the spouse of the CEO exercised 500,000 stock options into SV Shares.

During the year ended December 31, 2025, 781,250 RSU’s were granted to the CEO, 78,125 RSU’s were granted to the CFO, and 375,000 RSU’s were granted to the four independent Directors in equal amounts of 93,750 each. A total of 138,125 SV Shares were issued to the CFO and 93,750 SV Shares were issued to an independent Directors in 2025 on vesting of the RSU’s.

During the year ended December 31, 2024, 333,900 RSU’s were granted to the CEO and 120,300 RSU’s were granted to independent Directors.

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

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#### 24. RELATED PARTY TRANSACTIONS (CONTINUED)

##### Debt balances and movements with related parties

The following table sets out portions of debt pertaining to related parties which are included in consideration payable on business acquisitions (Note 14):

	<u>CEO</u>	<u>Director</u>	<u>GM</u>	<u>ABCO Holdings, Inc.</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance - December 31, 2023	-	-	360,000	-	360,000
Borrowed	264,000	120,000	1,134,952	450,000	1,968,952
Interest	7,981	3,628	802,841	10,938	825,388
Payments	(48,839)	(22,200)	(594,800)	-	(665,839)
Balance - December 31, 2024	223,142	101,428	1,702,993	460,938	2,488,501
Borrowed	-	-	-	-	-
Interest	10,906	4,957	416,414	68,438	500,715
Payments	(73,259)	(33,299)	(431,975)	-	(538,533)
Balance - December 31, 2025	<b>160,789</b>	<b>73,086</b>	<b>1,687,432</b>	<b>529,376</b>	<b>2,450,683</b>

As part of the agreements transacted during the year ended October 31, 2020, to acquire interest in GR Michigan and Canopy, the Company incurred consideration payable on business acquisitions of \$360,000 which has a maturity date of April 1, 2028 (also see Note 14.2). During the year ending December 31, 2025, interest payments of \$62,100 and principal payments of \$60,000 were made against this balance. During the year ended December 31, 2024, no principal payments were made on this balance; interest payments of \$64,800 were incurred.

Pursuant to the Canopy purchase agreement executed on April 24, 2024, the Company, through GR Unlimited, acquired the remaining 13% of the membership units in Canopy. As part of this transaction, the Company purchased a 5.5% membership interest in Canopy from the CEO, comprised of an upfront cash payment of \$66,000 and deferred cash payments of \$264,000. Additionally, the Company purchased a 2.5% membership interest in Canopy from a Director, comprised of an upfront cash payment of \$30,000 and deferred cash payments of \$120,000. The deferred cash payments are to be paid in 48 equal installments at a 5.21% interest rate with a maturity date of April 24, 2028.

During the year ended December 31, 2025, Canopy Management LLC was dissolved, and all existing agreements and obligations were assigned and transferred to Grown Rogue Unlimited, LLC.

For the year ended December 31, 2025, principal payments of \$62,356 and interest payments of \$10,906 were made on the consideration payable on business acquisitions due to the CEO (year ended December 31, 2024 - principal of \$40,858 and interest of \$7,981). For the year ended December 31, 2025, principal payments of \$28,342 and interest payments of \$4,957 were made on the consideration payable on business acquisitions due to the Director (year ended December 31, 2024 - principal of \$18,572 and interest of \$3,628) (Note 14.1).

During April 2024, the Company, through Canopy, acquired an additional 20% of the membership units in Golden Harvest from the GM for aggregate present value consideration of \$2,342,207, comprised of deferred cash payments of \$2,000,000 plus true-up amounts. Pursuant to the purchase agreement executed on April 24, 2024, the deferred cash payments are to be paid in thirteen quarterly installments beginning on January 1, 2025 with a maturity date of July 27, 2027. Payments of \$209,875 were made on the consideration payable on business acquisitions during the year ended December 31, 2025. During the year ended December 31, 2024, true-up payments of \$530,000 were made on this consideration (Note 14.2).

ABCO Holdings, Inc. ("ABCO Holdings") is a related party because of its majority ownership interest in ABCO. Refer to Note 13.6 for details of the long-term debt balance.

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in United States Dollars)

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#### 24. RELATED PARTY TRANSACTIONS (CONTINUED)

##### Additional transactions with CEO

Through its wholly-owned subsidiary, GRU Properties, the Company leases an outdoor grow property located in Trail, Oregon (“Trail”), owned by the Company’s President and CEO. The lease was extended during the year ended October 31, 2021, with a term through December 31, 2025. Lease charges of \$72,000 were incurred for the year ended December 31, 2025 (year ended December 31, 2024 - \$72,000). The lease liability for Trail on December 31, 2025, was \$nil (December 31, 2024 - \$68,074). This lease balance is included in the operating lease liabilities balance of the Company (Note 11).

During the year ended October 31, 2021, the Company leased an outdoor post-harvest facility located in Medford, Oregon (“Lars”), a facility which is beneficially owned by the CEO, with a term through June 30, 2026. Lease charges for Lars of \$202,596 were incurred for the year ending December 31, 2025 (year ended December 31, 2024 - \$196,691). The lease liability for Lars on December 31, 2025, was \$101,484 (December 31, 2024 - \$284,728). This lease balance is included in the operating lease liabilities balance of the Company (Note 11).

##### Additional transactions with GM

Through its subsidiary, Golden Harvests, the Company leases Morton, owned by the Company’s GM, located in Michigan (“Morton”), with a lease term through December 2029. Lease charges of \$252,000 were incurred during the year ended December 31, 2025 (year ended December 31, 2024 - \$216,000). The lease liability of Morton on December 31, 2025, was \$1,040,978 (December 31, 2024 - \$1,199,697). This lease balance is included in the operating lease liabilities balance of the Company (Note 11).

During May 2025, the Company, through Golden Harvests, entered into a finance lease with the GM for production equipment, with a term through May 1, 2027. Monthly payments of \$6,250 commenced June 1, 2025, for a total of 24 payments. Lease charges of \$43,750 were incurred during the year ended December 31, 2025, of which \$9,997 related to interest and \$33,753 to principal. The finance lease liability outstanding as at December 31, 2025, was \$95,233.

#### 25. FINANCIAL INSTRUMENTS

A summary of the Company’s financial instruments classified as fair value through profit or loss and their classification in the fair value hierarchy is as follows:

	<b>Level in Fair Value Hierarchy</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets:</b>			
Warrant Asset	Level 2	5,103,272	4,855,795
<b>Financial Liabilities:</b>			
Derivative liability	Level 2	137,041	12,504,180

The fair value of the Warrant Asset and derivative liability (conversion feature related to convertible debentures) for the year ended December 31, 2024 was derived using the Black-Scholes option pricing model using observable inputs and therefore represent a Level 2 measurement. The fair value of the derivative liability (Western Alliance Credit interest rate swap) for the year ended December 31, 2025 is determined by using a discounted cash flow model that takes into account observable inputs such as interest rate curves, forward curves, and the Company’s counterparty risk. Refer to Notes 7 and 16 for key inputs into the Black-Scholes option pricing model and movements in the account balances.

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#### 26. SEGMENT REPORTING

The reportable segments are those operations whose operating results are reviewed by the chief operating decision maker (“CODM”) to make decisions about resources to be allocated. The Company’s CODM is the CEO and is responsible for the management of the Company. Operating results are reviewed with respect to resource allocation and for which discrete financial information is available. Inter-segment transactions are recorded at amounts that reflect normal third-party terms and conditions, with inter-segment profits eliminated from the cost base of the segment incurring the charge. The Company has identified three operating segments:

- Oregon segment represents cannabis production and sales activities in Oregon;
- Michigan segment represents cannabis production and sales activities in Michigan; and
- New Jersey segment represents cannabis production and sales activities in New Jersey.

The Company’s general corporate administration expenses are included within “Corporate” to reconcile the reportable segments to the consolidated financial statements. The Company’s CODM reviews the results of the Company’s operating segments based on the total revenues, gross profit and net income (loss) in his evaluation of the performance of the operating segments to make decisions regarding resource allocations within the Company.

Segmented operational activity for the year ended December 31, 2025 and 2024 is as follows:

Segments	Oregon	Michigan	New Jersey	Corporate	Total
	\$	\$	\$	\$	\$
<b>Year ended December 31, 2025:</b>					
Total revenue	11,059,993	10,032,271	11,335,672	-	32,427,936
Gross profit	3,155,508	4,927,354	6,063,820	-	14,146,682
<b>Net income (loss)</b>	<b>480,531</b>	<b>2,418,707</b>	<b>4,510,506</b>	<b>(4,179,787)</b>	<b>3,229,957</b>
<b>Year ended December 31, 2024:</b>					
Total revenue	12,093,606	12,936,028	334,559	1,258,131	26,622,324
Gross profit	4,913,965	7,228,158	49,393	1,051,462	13,242,978
<b>Net income (loss)</b>	<b>2,067,908</b>	<b>4,072,961</b>	<b>(1,393,572)</b>	<b>(20,726,648)</b>	<b>(15,979,351)</b>

#### Entity-wide disclosures

All revenue for the year ended December 31, 2025 and 2024 was earned in the United States. For the years ended December 31, 2025 and 2024 no customer represented more than 10% of the Company’s net revenue. As at December 31, 2025 and 2024, no customer represented more than 10% of the Company’s receivables.

A summary of the Company’s long-lived tangible assets disaggregation by geographic area is as follows:

Segments	Oregon	Michigan	Other	Corporate	Total
	\$	\$	\$	\$	\$
<b>Non-current assets other than financial instruments:</b>					
As at December 31, 2025	5,712,897	3,853,192	13,949,466	11,638,995	35,154,550
As at December 31, 2024	6,170,295	4,933,394	14,506,946	1,855,922	27,446,557

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

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#### 27. NON-CONTROLLING INTERESTS

The changes to the non-controlling interest for year ended December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
	\$	\$
Balance, beginning of year	1,629,981	1,013,324
Canopy buyout of 13% minority interest and acquisition of an additional 20% of Golden Harvests	-	(570,996)
Acquisition of 70% of ABCO	-	848,571
Acquisition of 43.48% of West NY	-	806,250
Dividends issued from Golden Harvest to minority owner	(115,000)	(530,000)
Roll off of non-controlling interest in GR Michigan	-	35,804
Net loss for the year attributed to non-controlling interest	1,500,152	27,028
<b>Balance, end of year</b>	<b>3,015,133</b>	<b>1,629,981</b>

#### 27.1 Non-controlling interest in Golden Harvests and Canopy

	December 31, 2025	December 31, 2024
	\$	\$
Current assets	4,884,257	6,561,486
Non-current assets	3,853,193	7,518,005
Current liabilities	(1,050,741)	(5,821,655)
Non-current liabilities	(2,600,429)	(6,222,452)
Net loss for the year attributed to non-controlling interest	(1,052,405)	(651,962)

In January of 2023, GR Unlimited exercised its option to acquire 87% of the membership units of Canopy from the CEO. Prior to this, ninety-six percent (96%) of Canopy was owned by officers and directors of the Company, and four percent (4%) was owned by a third party. Ownership by officers and directors, excluding the CEO, was pursuant to agreements which caused their ownership of Canopy to be equal to their ownership in GR Michigan, which total 3.5%. The CEO owned 92.5% of Canopy, which was analogous to the CEO's 5.5% ownership of GR Michigan, and an additional 87% of Canopy, which was and is equal to the Company's 87% ownership of GR Michigan. Following GR Unlimited's acquisition of 87% of the membership units of Canopy in January of 2023, Canopy became owned 87% by GR Unlimited; 7.5% by officers and directors; and 5.5% by the CEO.

In April of 2024, GR Unlimited acquired the remaining 13% membership units of Canopy. Following this acquisition of the additional 13% interest in Canopy, Canopy became wholly owned by GR Unlimited.

In April of 2024, Canopy acquired an additional 20% of the membership units of Golden Harvest. Following the acquisition of an additional 20% interest in Golden Harvest on April 24, 2024, Golden Harvest became 80% owned by Canopy.

## Grown Rogue International Inc.

### Notes to the Consolidated Financial Statements

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#### 27. NON-CONTROLLING INTERESTS (CONTINUED)

##### 27.2 Non-controlling interest in West NY

	December 31, 2025	December 31, 2024
	\$	\$
Non-current assets	1,683,757	1,538,010
Net loss for the year attributed to non-controlling interest	(82,376)	(56,659)

The Company, through its subsidiary GR Retail, invested \$806,250 in the equity of West NY. West NY is a lender to a retail business in New Jersey.

##### 27.3 Non-controlling interest in ABCO

	December 31, 2025	December 31, 2024
	\$	\$
Current assets	5,316,937	2,068,827
Non-current assets	13,949,466	14,506,946
Current liabilities	(6,758,314)	(6,245,201)
Non-current liabilities	(11,451,789)	(10,492,161)
Net income for the year attributed to non-controlling interest	(365,371)	681,593

Refer to Note 4 for details regarding the acquisition of 70% ownership in ABCO.

#### 28. COMMITMENTS AND CONTINGENCIES

On September 22, 2022, the Securities Exchange Commission (“SEC”) issued an Order Instituting Proceedings (OIP) pursuant to Section 12(j) of Securities Exchange Act of 1934 (“1934 Act”), against the Company alleging violations of the 1934 Act, as amended, and the rules promulgated thereunder, by failing to timely file periodic reports. Section 12(j) authorizes the SEC as it deems necessary or appropriate for the protection of investors to suspend for a period not exceeding 12 months, or to revoke, the registration of a security if the SEC finds, on the record after notice and opportunity for hearing, that the issuer of such security has failed to comply with any provision of the 1934 Act, as amended, or the rules promulgated thereunder. The Company has filed an answer to the Order Instituting Proceedings and is seeking a hearing in the matter. The Company is currently fully compliant with all of its filings and has recently filed a form F1 which is pending acceptance by the SEC. The Company anticipates that it will be able to waive this OIP after acceptance.

On December 8, 2025, ABCO, entered into an agreement with Blackwell & Associates, (“Blackwell”) for the construction of the Grandview Phase II project located at 1425 Grandview Avenue, Paulsboro, New Jersey. Under the agreement, payment is structured on a cost-plus-a-fee basis without a guaranteed maximum price. The total estimated cost of the project is approximately \$1,430,000 which includes the cost of the work plus Blackwell’s fee. Blackwell’s fee is comprised of 6% overhead and 9% profit applied to the cost of the work as defined in the agreement. Because the agreement does not include a guaranteed maximum price, the final cost of the work may differ from this estimate, and the Company’s ultimate obligation under the contract could be higher or lower than the estimated amount depending on actual costs incurred. Work is required to commence no later than 10 days from the date of the agreement, with substantial completion targeted by April 15, 2026, subject to adjustments for changes in the contract documents. The work may be approved and executed in phases at the Company’s discretion, with Company approval required in writing for each phase. Either party may terminate the contract for cause or convenience; however, no termination fee is payable to Blackwell in the event the Company terminates for convenience. Blackwell is considered a related party as it is controlled by the spouse of the majority owner of ABCO Holdings.

## **Grown Rogue International Inc.**

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

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#### **29. SUBSEQUENT EVENTS**

The Company evaluated subsequent events through the date the consolidated financial statements were issued, and determined that the following subsequent events occurred as of that date:

On January 12, 2026, the Company issued 200,000 SV Shares pursuant to the exercise of stock options for total proceeds of \$21,615 (CAD\$30,000).

On March 12, 2026, the Company announced it has taken operational control of a cannabis production facility in Dwight, Illinois, through its affiliates Grown Rogue Management Associates (“GRMA”) and Sea Craft, LLC (“SEA Craft”). GRMA (became an 80% owned subsidiary of the Company in January 2026) entered into a membership interest purchase agreement (“MIPA”) to acquire a 49% interest in SEA Craft, the holder of an Illinois craft grow license and an existing cash balance of \$1,000,000, with an option to acquire the remaining 51% subject to regulatory and performance-based considerations. The MIPA is subject to regulatory approval by the Illinois Department of Agriculture, and the Company expects the transaction to close in the second quarter of 2026. Concurrently, SEA Craft entered into a three-year lease with Innovative Industrial Properties, Inc. (“IIP”) for a 43,000 square foot facility in Dwight, Illinois, including approximately 10,000 square feet of indoor flowering canopy, with capacity to expand to the 14,000 square foot permitted under the craft grow license. The lease with IIP included a corporate guarantee provided by the Company. To support projected capital needs, GRMA completed project financing in the form of a \$3,000,000 preferred equity investment for a 20% interest in GRMA and a preferred dividend of 15%. At the preferred investors’ discretion, for a period of up to three years, the preferred units may be converted into SV Shares of the Company at a conversion price of \$0.65 per share.