
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 000-28820

JONES SODA CO.

(Exact name of registrant as specified in its charter)

Washington

*(State or other jurisdiction of
incorporation or organization)*

52-2336602

*(I.R.S. Employer
Identification No.)*

1522 Western Ave, STE 24150, Seattle, WA 98101

(Address of principal executive offices)

(206) 624-3357

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, no par value

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☐ No ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates as of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$31,368,703 using the closing price on that day of \$0.27.

As of March 31, 2026, there were 118,778,488 shares of the registrant's common stock issued and outstanding.

INCORPORATION BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates certain information by reference from the registrant's proxy statement for the 2026 annual meeting of shareholders to be filed no later than 120 days after the end of the registrant's fiscal year ended December 31, 2025.

CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS

In addition to historical information, this Annual Report on Form 10-K (this "Annual Report") contains a number of forward-looking statements that reflect management's current views and expectations with respect to our business, strategies, products, future results and events, and financial performance. All statements made in this Annual Report other than statements of historical fact, including statements that address operating performance, the economy, events or developments that management expects or anticipates will or may occur in the future, including statements related to sales, revenues, profitability, distributor channels, new products, adequacy of funds from operations, cash flows and financing, our ability to continue as a going concern, potential strategic transactions, statements regarding future operating results and non-historical information, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In particular, the words such as "believe," "expect," "intend," "anticipate," "estimate," "may," "will," "can," "plan," "predict," "could," "future," "continue," variations of such words, and similar expressions identify forward-looking statements, but are not the exclusive means of identifying such statements and their absence does not mean that the statement is not forward-looking.

Readers should not place undue reliance on these forward-looking statements, which are based on management's current expectations and projections about future events, are not guarantees of future performance, are subject to risks, uncertainties and assumptions and apply only as of the date of this Annual Report. Our actual results, performance or achievements could differ materially from historical results as well as from the results expressed in, anticipated or implied by these forward-looking statements. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In particular, our business, including our financial condition and results of operations and our ability to continue as a going concern may be impacted by a number of factors, including, but not limited to, the following:

- Our ability to successfully execute on our growth strategy and operating plans;
- Our ability to continue to raise capital to finance our operations;
- Our revenues from our hemp-derived HD9 products could be negatively impacted if recent federal legislation that would prohibit the unregulated sale of intoxicating hemp-based or hemp derived products (including delta-8/HD9) is not amended;
- Our ability to execute our plans to continue to license and market THC/CBD-infused and/or cannabis-infused beverages and edibles, and comply with the laws and regulations governing cannabis, hemp or related products, and the timing and costs of the development of this new product line;
- Our ability to manage our operating expenses and generate cash flow from operations, along with our ability to secure additional financing if our sales goals take longer to achieve than anticipated;
- Our ability to create and maintain brand name recognition and acceptance of our products, which is critical to our success in our competitive, brand-conscious industry;
- Our ability to compete successfully against much larger, well-funded, established companies currently operating in the beverage industry generally, including in the fountain business, particularly from other major beverage companies;
- Entrance into and increased focus on the craft beverage segment by other major beverage companies;

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- Our ability to respond to changes in the consumer beverage marketplace, including potential reduced consumer demand due to health concerns (including obesity) and legislative initiatives against sweetened beverages (including the imposition of taxes);
- Our ability to successfully develop and launch new products that match consumer beverage trends, and to manage consumer response to such new products and new initiatives;
- Our ability to maintain brand image and product quality and avoid risks from product issues such as product recalls;
- Our ability to establish, maintain and expand distribution arrangements with independent distributors, retailers, brokers and national retail accounts, most of whom sell and distribute competing products, and upon whom we rely to employ sufficient efforts in managing and selling our products, including re-stocking the retail shelves with our products;
- Our ability to manage our inventory levels and to predict the timing and amount of our sales;
- Our reliance on third-party contract manufacturers of our products and the geographic locations of their facilities, which could make management of our distribution efforts inefficient or unprofitable;
- Our ability to secure a continuous supply and availability of raw materials, as well as other factors that may adversely affect our supply chain, including increases in raw material costs, and the potential shortages of glass in the supply chain;
- Our ability to source our flavors on acceptable terms from our key flavor suppliers;
- Our ability to attract and retain key personnel, the loss of whom would directly affect our efficiency and operations and could materially impair our ability to execute our growth strategy;
- Our ability to protect our trademarks and trade secrets, the failure of which may prevent us from successfully marketing our products and competing effectively;
- Litigation or legal proceedings, which could expose us to significant liabilities and damage our reputation;
- Our ability to comply with the many regulations to which our business is subject;
- Our ability to maintain an effective information technology infrastructure;
- Failures or security breaches of our information technology systems could disrupt our operations and negatively impact our business;
- Fluctuations in fuel and freight costs;
- Fluctuations in currency exchange rates, particularly between the United States and Canadian dollars;
- Tariffs affecting raw materials or finished goods transported between the United States and Canada;
- Regional, national or global economic, political, social and other conditions that may adversely impact our business and results of operations;
- Our ability to maintain effective disclosure controls and procedures and internal control over financial reporting;
- Dilutive and other adverse effects on our existing shareholders and our stock price arising from future securities issuances; and
- Our ability to access the capital markets for any future equity financing, and any actual or perceived limitations to our common stock by being traded on the OTCQB Marketplace and the Canadian Stock Exchange, including the level of trading activity, volatility or market liquidity.

For a discussion of some of the factors that may affect our business, results and prospects, see “Item 1A. Risk Factors.” Readers are also urged to carefully review and consider the various disclosures made by us in this Report and in our other reports we file with the Securities and Exchange Commission, including our periodic reports on Forms 10-Q and current reports on Form 8-K, and those described from time to time in our press releases and other communications, which attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

JONES SODA CO.
ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025
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EXPLANATORY NOTE

Unless otherwise indicated or the context otherwise requires, all references in this Annual Report on Form 10-K to “we,” “us,” “our,” “Jones,” and the “Company” are to Jones Soda Co., a Washington corporation, and our wholly-owned subsidiaries.

In addition, unless otherwise indicated or the context otherwise requires, all references in this Annual Report to “Jones Soda” refer to our premium beverages, including Jones® Soda sold under the trademarked brand name “Jones Soda Co.®”

PART I

ITEM 1. BUSINESS.

We develop, produce, market and distribute premium beverages that we sell and distribute in the United States and Canada through our network of independent distributors, directly to our national and regional retail accounts and directly to consumers through e-commerce. Our products are sold in grocery stores, convenience and gas stores, on fountain in restaurants, “up and down the street” in independent accounts such as delicatessens, sandwich shops and burger restaurants, as well as through our national accounts with several large retailers. We refer to our network of independent distributors as our direct store delivery (“DSD”) channel, and we refer to our national and regional accounts who receive shipments directly from us as our direct to retail (“DTR”) channel. We also sell products in select international markets. We do not directly manufacture our products, but instead outsource the manufacturing process to third-party contract manufacturers. We also sell various products online, including soda with customized labels and other items, and we license our trademarks for use on products sold by other manufacturers. In addition, we license the Mary Jones brand and formulations for THC infused beverages to MJ Reg Distrutors, a US company, for products sold in select US states and Canadian provinces.

Our company is a Washington corporation formed in 2000 as a successor to Urban Juice and Soda Company Ltd., a Canadian company formed in 1986. Our principal place of business is located at 1522 Western Ave, STE 24150, Seattle, WA 98101. Our telephone number is (206) 624-3357.

Products

Our strategy is to evolve from a craft soda company (Jones Soda) to a diverse beverage company covering additional growing market segments including modern soda (Pop Jones) and the alternative adult beverages (Mary Jones and Spike Jones). Our product line-up currently consists of the following:

Jones Soda

Jones Soda is our premium carbonated soft drink. We sell Jones Soda in premium glass bottles and cans, with labels featuring photos sent to us by our consumers. Over one million photos have been submitted to us. We believe this unique interaction with our consumers distinguishes our brand and offers a strong competitive advantage for Jones Soda. Additionally, we release various label campaigns that celebrate our consumers and the positive impact such consumers have on the world. Our products are made from high quality ingredients, including cane sugar and natural colors and flavors when possible. We also sell Jones Soda in more traditional flavors such as Cream Soda, Berry Lemonade, Root Beer and Orange & Cream.

Pop Jones (Modern Soda market segment)

We continue to see a growing market in our health focused soda brands, which we consider to be the “modern soda” market. Recent growth by industry competitors such as Poppi and Olipop have proven the growing consumer demand for this market segment. In 2024, Jones launched its Pop Jones product lines to capitalize on this growing market opportunity.

Mary Jones and Spike Jones (Alternative Adult Beverages market segment)

Jones started offering its hemp-derived Delta-9 THC products in 2024 through the Mary Jones brand, including with a line of four flavors of Mary Jones hemp-derived sodas. Since that time, Mary Jones has expanded its portfolio to include three flavors of 10mg Mary Jones shooters, four flavors of Mary Jones gummies, and a line of Mary Jones zero sugar sodas. We further believe Mary Jones is uniquely positioned to lead in this emerging category. Backed by over two decades of brand equity from Jones Soda, we believe we offer an instantly recognizable name, a loyal consumer base, and a proven reputation for flavor innovation and quality. Although we believe there is currently a growing market for these products as consumers continue to migrate away from traditional beer and wine products, on November 12, 2025, the federal spending legislation passed to reopen the U.S. federal government contained a provision, which when implemented, would materially alter the federal treatment of hemp-derived products by prohibiting the unregulated sale of intoxicating hemp-based or hemp-derived products (including HD9 products), while also capping legal hemp products at 0.4 milligrams of total THC (and similar-effect cannabinoids) per product. The Company believes that when implemented, this legislation would likely require the Company to significantly reformulate or ultimately discontinue the Company’s current hemp-derived HD9 product lines. Additionally, in the third quarter of 2025 we launched our line of hard craft sodas “spiked” with alcohol under the brand name “Spiked Jones”. This brand trust allows us to enter the alcohol market with a built-in advantage, one that we believe most new and existing competitors cannot replicate.

Fountain (food services market segment)

Drawing inspiration from our traditional bottles, our fountain equipment and cups are branded with an engaging collage of consumer-submitted photos that are inspired by the business themes of our retail partners and the regions in which they are located. Our fountain offerings include traditional flavors such as Cane Sugar Cola, Sugar Free Cola, as well as cane sugar sweetened Ginger Ale, Orange & Cream, Root Beer and Lemon Lime. Rounding out the lineup are two of our most popular cane sugar flavors, Berry Lemonade and Green Apple.

We continue to see opportunities in this market segment for customers looking for differentiated offerings in their fountain soda. While appealing to a broad demographic, we feel that Jones on fountain enhances the consumer experience. We believe our national brand awareness and customer-centric approach make us unique compared to other craft soda competitors within this category.

Co-Brand and Private Label Products

From time to time, when opportunities meet our required financial and operational metrics, we utilize our industry expertise to provide private label products for customers. No material examples of this opportunity occurred in 2025.

Our Focus: Sales Growth

Our focus is sales growth through execution of the following key initiatives:

- Expand the Jones Soda glass bottle business in existing and new sales channels;
- Expand our business in the modern soda category through our Pop Jones brand;
- Expand our business in the alternative adult beverage market

Sales

In 2025, sales in the United States represented approximately 88% of total sales, while sales in Canada represented approximately 12%. Our premium beverage products are sold primarily in grocery stores, convenience and gas stores, on fountain in restaurants and “up and down the street” in independent accounts such as delicatessens, sandwich shops and burger restaurants as well as through our national accounts with several large retailers.

Mary Jones (HD9) Branded Products

The Company sold our Mary Jones Brand cannabis-infused (THC) business in June 2025. We now license the Mary Jones brand and product formulations to MJ Disruptors, the purchaser of this business. The Company retained the Mary Jones beverage business where the product is derived from hemp (HD9 products). While we continue to sell HD9 products, Congress passed legislation late in 2025 which significantly restricts the amount of THC that can be included in hemp derived HD9 products effectively significantly reducing the market for these products.

Product Distribution and Sales Strategy

Premium Soda Beverages

Our core products are distributed and sold throughout the United States and Canada and in select international markets. Our primary distribution channels are DSD channel (sales and distribution through our network of independent distributors) and our DTR channel (sales directly to national and regional retail accounts). We also have our online channel for internet sales of various products. We strategically build our national and regional retailer network by focusing on distribution systems that we believe will provide top-line drivers for our products and increased availability and visibility of our products in our core markets. In building and expanding our DSD channel, we also consider international markets and look for regions that data suggests have a high affinity for the Jones brand and can be pursued within our financial resources.

Part of our strategy in building our distribution system is to blend our DSD and DTR distribution channels, delivering different offerings through alternate channels. In addition to determining the most advantageous distribution channel, we work to ensure that our products are placed on shelves that are normally restricted to national mainstream brands and in the cold-aisle of stores, thus providing us access to the important “take home market.” We have also introduced the JONES Cane Sugar Fountain program through a network of fountain distributors in select regions across the United States and Canada to provide our premium products and uniquely customized fountain equipment.

For the years ended December 31, 2025, and 2024 one customer accounted for approximately 31% and nil% of total revenues. Revenues from this customer were generated within the Company’s beverage segment.

For the years ended December 31, 2025, and 2024 a second customer accounted for approximately 4% and 13% of total revenues. Revenues from this customer were generated within the Company’s beverage segment.

We contract with independent trucking companies to have our product shipped from our contract manufacturers to independent warehouses and then on to our distributors and national retail accounts. Distributors then sell and deliver our products either to sub-distributors or directly to retail accounts. We recognize revenue upon receipt by our distributors and national account customers of our products, net of discounts and promotional allowances, and all sales are final; however, in limited instances, due to credit issues, quality or damage issues, or distributor changes, we may accept returned product, which to date has not been material.

DSD (direct store delivery)

We maintain a network of independent distributors across the United States and Canada that sell our portfolio of branded products. We choose our distributors based on our perception of their ability to build our brand franchise in convenience stores, grocery stores, on fountain in restaurants and “up and down the street” in independent accounts such as delicatessens and sandwich shops.

Typically, we grant our independent distributors exclusive distribution rights in defined territories, which may include invasion fees in the event we provide any of our products directly to one of our national retailers located in the distributor’s region. Unless the termination is for “cause”, we are also obligated to pay termination fees for cancellations of most of these written distributor agreements.

We intend to continue our efforts to reinforce and expand our distribution network by partnering with new distributors and replacing underperforming distributors. In addition to the efforts of our independent distributors in obtaining distribution of our products, we actively seek to obtain listings for our products with key retail grocery, convenience and mass merchandiser accounts, which are serviced through our independent distributor network.

Product availability at a specific store location for any of our retailers is subject to the retailer preference, consumer demand, and localized store variances. To find a retailer that carries our products, our product locator is available on our website.

DTR (direct to retail)

Our direct to retail channel of distribution is an important part of our strategy to target large national or regional restaurant chains and retail accounts, including convenience store chains, mass merchandisers and premier food-service businesses. Through these programs, we negotiate directly with the retailer to carry our products, and the account is serviced through the retailer’s appointed distribution system (rather than through our DSD network). These arrangements are terminable at any time by these retailers or us and contain no minimum purchase commitments or termination fees.

Co-Brand and Private Label Distribution

We offer private label products directly to retailers. Our expertise in innovation and managing the manufacturing process allow for efficiencies for both us and the customer. We are able to produce these products with minimal sell through risk and ship them through our network of independent trucking companies or a preferred partner of the customer.

Fountain Distribution

We sell direct to certain retailers in addition to working with a network of fountain distributors in select focus regions within the United States and Canada to provide our premium products, including our fountain and slush products, and uniquely customized fountain equipment.

Building Our Brand

Premium Soda Brands

Jones Soda has built its brand around distinctive flavors, consumer-generated packaging, and a positioning as an alternative to large mainstream carbonated soft drink brands. Our products are designed to appeal to consumers seeking premium beverages with differentiated flavors and ingredients.

A distinctive feature of the Jones Soda brand is the use of consumer-submitted photography on product labels. We encourage consumers to submit photographs for use on Jones Soda bottles and cans we distribute in retail channels. Our marketing and brand teams then select the photographs they find are best suited for our brand ethos. In addition, consumers and businesses may create personalized labels through the Company's myJones platform, which allows customers to design custom labeled products using their own photos and messages.

These brand elements are intended to differentiate Jones Soda products within the premium craft soda category and support consumer engagement with the brand.

The Company also periodically introduces limited-edition products tied to entertainment properties and cultural collaborations as part of its broader brand and product strategy.

Marketing and Consumer Engagement

The Company also supports its brand through a combination of digital engagement, retail marketing programs, and participation in community and industry events.

Jones Soda maintains marketing channels across multiple social media platforms and uses these channels to communicate with consumers, gather feedback, and promote new products and initiatives. These platforms provide opportunities for the Company to interact directly with consumers and monitor emerging consumer preferences and trends.

In addition to its social media platforms, the Company supports its retail partners through point-of-sale materials and promotional programs designed to increase product visibility and consumer awareness. In addition, Jones Soda participates in selected events and sponsorships aligned with its brand identity and target customers. These activities may include product sampling and promotional activations designed to increase brand awareness and support retail distribution.

Product Development

The Company continually develops new beverages and flavor variations in response to evolving consumer preferences and market trends. Product development activities are conducted primarily in-house and involve collaboration with external flavor houses and manufacturing partners.

The product development process typically includes the following steps:

- Market Evaluation – Identification of potential product opportunities and consumer trends.
- Financial Evaluation – Analysis of pricing, margins, and commercial viability.
- Distribution Evaluation – Assessment of available distribution channels and retail opportunities.
- Production Evaluation – Review of manufacturing capabilities, contract packing capacity, and quality control requirements.

Brand and Design Development – Creation of product concepts, packaging design, and flavor selection.

Limited-Edition Product Launches and Strategic Partnerships

The Company periodically develops limited-edition beverage products tied to entertainment properties, cultural collaborations, and consumer communities. These programs are designed to generate consumer engagement, test new product concepts, and drive demand through specific distribution channels.

For example, in 2025 the Company entered into a merchandise license agreement with ZeniMax Media Inc., a Delaware corporation. ZeniMax owns the “Fallout” name and all names, art, characters, weapons and audio/visual elements from the Fallout franchise which includes the video game and related television series. This license agreement expires on December 31, 2028.

Relying on this merchandise license agreement, the Company introduced a series of beverages inspired by the Fallout video game franchise and television series. The product line included a limited-edition in-game soda, collectible four-packs sold through the Company’s direct-to-consumer website, and a specialty glass bottle format.

The Company also introduced a limited-edition 12-pack format for select club-store retailers. These initial retail allocations sold quickly which led to additional national shipments to club-store partners. While initially the ZeniMax agreement had a nominal impact on our revenue, we experienced a dramatic revenue increase in the fourth quarter resulting from the Fallout video game and television series enthusiasts.

Through these programs, the Company has been exploring a product launch model that includes:

- Limited edition product releases targeted to specific retail channels, including direct-to-consumer and club-store formats
- partnerships with entertainment brands and community-focused creators
- digital promotion and social media engagement to build anticipation prior to launch
- time-limited product availability designed to concentrate consumer demand

The Company believes this approach can provide an efficient method for testing new products, increasing brand visibility, and supporting retail sell-through in targeted channels.

Mary Jones and Spike Jones Product Lines

The Company has expanded its product portfolio to include the Mary Jones brand, which offers hemp-derived beverages inspired by the original Jones Soda flavors. The Company differentiates the Mary Jones brand from its traditional soda products in order to comply with regulatory requirements and to clearly distinguish between product categories.

Jones Soda leverages its existing brand recognition and flavor portfolio to support the development and marketing of Mary Jones products while continuing to expand product offerings and flavors within this category.

Competition

The beverage industry is highly competitive. The Company competes with large global beverage manufacturers, regional beverage companies, specialty beverage producers, and private label suppliers across several product categories. Significant competitors include, but are not limited to, the Coca-Cola Company, PepsiCo, Inc., Nestlé S.A., Keurig Dr Pepper Inc., Danone S.A., Suntory Beverage & Food Limited, Anheuser-Busch InBev, Kirin Holdings, Heineken N.V., Diageo plc, and Red Bull GmbH. Competitive products include numerous nonalcoholic sparkling soft drinks; water products, including flavored and enhanced waters; juices, juice drinks and nectars; dilutable (including syrups and powders); coffees; teas; energy drinks; sports drinks; milk and other dairy-based drinks; plant-based beverages; functional beverages, including vitamin-based products and relaxation beverages; and various other nonalcoholic beverages. These competitive products are sold to consumers in both ready-to-drink and non-ready-to-drink form.

Competitive factors impacting our business include, but are not limited to, pricing, advertising, sales promotion programs, in-store displays and point-of-sale marketing, digital marketing, product and ingredient innovation, availability, increased efficiency in production techniques, the introduction of new packaging as well as new vending and dispensing equipment, contracting with marketing assets (theaters, sports arenas, universities, etc.), and brand and trademark development and protection. Jones Soda competes not only for consumer demand but also for retail shelf space and distributor attention. The Company seeks to differentiate its products through flavor innovation, brand identity, and consumer engagement.

Production

Contract Packing Arrangements

We do not directly manufacture our premium soda beverage products, but instead outsource the manufacturing process to third-party bottlers and independent contract manufacturers (co-packers). We currently use primary co-packers located in the United States and Canada. Once the product is manufactured, the finished products are stored either at the co-packer's location or in nearby third-party warehouses. Other than minimum case volume requirements per production batch or "run" for most co-packers, we do not have annual minimum production commitments with our co-packers. Our co-packers may terminate their arrangements subject to the terms of their agreements with us, in which case we could experience disruptions in our ability to supply products to our customers. We continually review our contract packing needs in light of regulatory compliance, capacity, and logistical requirements and may add or change co-packers based on those needs. We also maintain ongoing operational oversight of our co-packers to support product quality, service levels, and supply continuity.

Raw Materials

The raw materials used in the manufacturing of our premium soda beverage products consist primarily of concentrate, flavors, supplements, sugar, bottles, cans, labels, trays, caps and packaging. Substantially all of the raw materials used in the preparation, bottling and packaging of our bottled and canned products are purchased either directly by us or by our contract manufacturers in accordance with our specifications. These raw materials are sourced from suppliers selected by us or approved by our contract manufacturers. We believe we have adequate sources of raw materials, which are available from multiple suppliers.

We purchase flavor concentrate from our suppliers. Generally, flavor concentrate suppliers own the proprietary rights to the flavors. Although we do not have the list of ingredients or formulas for our flavors, we have exclusive rights to the use of the flavor concentrates developed with our suppliers. In connection with the development of new soda products and flavors, independent suppliers bear a large portion of the expense for product development, thereby enabling us to develop new products and flavors at relatively low cost. If we have to replace a flavor supplier, we could experience disruptions in our ability to deliver products to our customers, which could have a material adverse effect on our results of operations.

The costs of raw materials fluctuate and in certain instances we enter into supply agreements to address these risks. We have a fixed price supply agreement with our primary glass supplier which expires at the end of 2028. The price of glass continues to increase due to industry capacity constraints and natural gas cost fluctuations; however, our supply agreement provides us with price protection through 2028.

The cost of cane sugar is subject to market volatility driven by global supply and demand dynamics, weather conditions, and energy costs. Rather than entering into long-term fixed price contracts, we actively manage this exposure by periodically layering in purchase positions to maintain forward coverage at competitive market prices. This procurement approach allows us to secure supply and manage cost risk while maintaining flexibility to benefit from favorable market conditions.

We actively monitor commodity markets and supplier capacity in an effort to maintain continuity of supply and manage input cost volatility.

Quality Control

Our premium soda beverage products are made from high-quality ingredients and natural and artificial flavors. We seek to ensure that all of our products satisfy our high-quality standards. Contract manufacturers are selected and monitored by our quality control representatives in an effort to ensure adherence to our production procedures and quality standards.

For every batch or "run" of product, our contract manufacturer undertakes extensive testing of product quality and packaging. This includes testing levels of sweetness, carbonation, taste, product integrity, packaging and various regulatory cross checks. BME (Beginning, Middle, End) samples from each production run are analyzed and categorized in a reference library. For each product, the contract manufacturer must transmit all quality control test results to us for reference following each production run. Our internal quality control specialist selects the flavors we ultimately determine to use.

Testing also includes microbiological checks and other tests to ensure the production facilities meet the standards and specifications of our quality assurance program. Water quality is monitored during production and at scheduled testing times to ensure compliance with beverage industry standards. The water used to produce our products is filtered and is also treated to reduce alkalinity. Flavors are pre-tested by the flavor concentrate supplier before shipment to contract manufacturers. We are committed to ongoing product improvement with a view towards ensuring the high quality of our product through a stringent co-packer selection, training and communication program.

Regulation

Premium Beverage Business

The production and marketing of our proprietary beverages are subject to the rules and regulations of various federal, provincial, state and local health agencies, including in particular the United States Food and Drug Administration (the “FDA”) and Health Canada, Agriculture and Agri-Food Canada (the “AAFC”). The FDA and AAFC also regulate labeling of our products. From time to time, we may receive notifications of various technical labeling or ingredient reviews with respect to our products. We believe that we have a compliance program in place to ensure compliance with production, marketing and labeling regulations.

Legal requirements have been enacted in several jurisdictions in the United States and Canada requiring that deposits or certain eco-taxes or fees be charged for the sale, marketing and use of certain non-refillable beverage containers. The precise requirements imposed by these measures vary. Other beverage container-related deposit, recycling, eco-tax and/or product stewardship proposals have been introduced in various jurisdictions in the United States and Canada. We anticipate that similar legislation or regulations may be proposed in the future at local, state and federal levels, both in the United States and Canada.

Under the Safe Drinking Water and Toxic Enforcement Act of 1986 (“Proposition 65”) of the state of California, if the state has determined that a substance causes cancer or harms human reproduction or development, a warning must be provided for any product sold in the state that exposes consumers to that substance, unless the conditions of an exemption (described below) can be met. The state maintains lists of these substances and periodically adds other substances to these lists. The detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label. However, Proposition 65 exempts a product from a warning if the manufacturer can demonstrate that the use of that product exposes consumers to a daily quantity of a listed substance that is:

- below a “safe harbor” threshold that may be established;
- naturally occurring;
- the result of necessary cooking; or
- subject to another applicable exemption.

One or more substances that are currently on the Proposition 65 list can be detected in certain Company products at low levels that are safe. The Company maintains that the presence of each such substance in Company products is subject to an applicable exemption from the warning requirement or that the product is otherwise in compliance with Proposition 65. However, the state of California and other parties have in the past taken a contrary position and may do so in the future. Additionally, the state of California may include other substances on the Proposition 65 list in the future. We expect continued scrutiny of ingredients or substances present in certain of our products and/or their packaging, as well as processes used to make them, and it is possible that similar or more restrictive requirements may be proposed or enacted in the future.

Hemp Derived Beverage Business

Hemp-derived Delta-9 tetrahydrocannabinol (“HD9”) products operate within a complex regulatory environment shaped by federal hemp legislation, federal agency oversight, and evolving state laws. The legal framework governing HD9 products primarily stems from the Agriculture Improvement Act of 2018 (the “2018 Farm Bill”), which created a legal distinction between hemp and marijuana based on Delta-9 THC concentration. Under federal law, hemp and hemp-derived cannabinoids—including Delta-9 THC—are lawful provided the product contains no more than 0.3% Delta-9 THC on a dry-weight basis.

This regulatory structure has allowed the development of a national market for intoxicating hemp products, including HD9 beverages, edibles, tinctures, and other consumer goods. However, regulatory oversight is divided among several federal agencies and further complicated by differing state regulations.

Federal Legal Framework

Controlled Substances Act

Under the Controlled Substances Act, marijuana and tetrahydrocannabinols derived from marijuana are classified as Schedule I controlled substances.

Schedule I substances are defined as drugs with:

- a high potential for abuse
- no currently accepted medical use under federal law.

Prior to 2018, most cannabis extracts containing THC were illegal at the federal level.

Hemp Legalization Under the 2018 Farm Bill

The 2018 Farm Bill fundamentally changed U.S. cannabis policy by removing hemp from the Controlled Substances Act. The law defines hemp as: *Cannabis sativa* L. and any part of that plant containing no more than 0.3 percent Delta-9 THC on a dry-weight basis.

Cannabis sativa L. and any part of that plant containing no more than 0.3 percent Delta-9 THC on a dry-weight basis.

The legislation also legalized: hemp extracts; cannabinoids; derivatives; isomers and salts and salts of isomers; provided they meet the Delta-9 THC concentration threshold.

This statutory language created the legal basis for hemp-derived intoxicating cannabinoids, including HD9 products.

Federal Agency Oversight

Multiple federal agencies exercise jurisdiction over hemp-derived cannabinoids.

USDA

The United States Department of Agriculture (“USDA”) regulates hemp cultivation through the federal hemp production program. Responsibilities include: licensing hemp producers; approving state hemp plans; establishing THC testing protocols; and overseeing interstate hemp transport.

USDA authority applies primarily to agricultural production rather than finished consumer products.

FDA

The U.S. Food and Drug Administration regulates hemp-derived products that are marketed as: foods; beverages; dietary supplements; cosmetics; and drugs.

The FDA has repeatedly stated that cannabinoids marketed with therapeutic claims require formal drug approval.

The agency has also raised safety concerns regarding: inconsistent potency levels; youth access; contamination risks; and lack of clinical safety data.

As of March 2026, the FDA has not established a comprehensive regulatory pathway for intoxicating hemp products such as HD9.

DEA

The Drug Enforcement Administration retains authority over controlled substances.

The DEA has indicated that: cannabinoids derived directly from hemp may fall outside the Controlled Substances Act; and synthetically produced THC may remain a controlled substance.

The distinction between natural extraction and chemical conversion remains an area of regulatory interpretation.

Judicial Developments

Federal courts have increasingly interpreted the 2018 Farm Bill broadly. Several appellate rulings have affirmed that hemp-derived cannabinoids are lawful if they meet the 0.3% Delta-9 THC threshold, even if the resulting products produce intoxicating effects.

These rulings have contributed to the expansion of the hemp cannabinoid industry but have also prompted calls from regulators and lawmakers for legislative clarification.

State-Level Regulatory Framework

While federal law allows hemp-derived cannabinoids, individual states maintain authority to regulate hemp products sold within their borders. State approaches generally fall into three categories:

1. Permissive States: some states allow HD9 products with relatively limited additional restrictions beyond federal law. Products may be sold through convenience stores, specialty hemp retailers, and online platforms. Examples include Florida, Texas, Indiana, Wisconsin, and Georgia. These states allow hemp-derived Delta-9 products if compliant with the federal THC threshold.
2. Regulated States: other states have created regulatory frameworks for intoxicating hemp products similar to alcohol or cannabis regulation. Typical requirements include age restrictions (usually 21+), maximum THC dosage per serving, product testing and labeling, and retail licensing. Examples include: Minnesota; Alabama; Kentucky; Tennessee; and North Carolina. These states impose dosage limits and licensing requirements.
3. Restrictive States: some states have banned intoxicating hemp cannabinoids entirely or require such products to be sold exclusively through licensed cannabis dispensaries. These jurisdictions treat intoxicating hemp products as functionally equivalent to marijuana. Examples include: Idaho; Utah; Alaska; Montana; and Nevada. These jurisdictions restrict or prohibit intoxicating hemp-derived THC products.

Companies operating in the HD9 industry face several regulatory risks. **See ITEM 1A RISK FACTORS; Risks Regulatory Uncertainty for Hemp Derived Beverage Business.**

Trademarks, Flavor Concentrate Trade Secrets and Patent Rights

In the United States, we own a number of trademark registrations (designated by the ® symbol) and pending trademark applications (designated by the ™ symbol) for use in connection with our products, including “JONES®,” “JONES SODA CO.®” “LEMONCOCO ®” and “MARY JONES®.”

In general, trademark registrations expire 10 years from the filing date or registration date, with the exception in Canada, where trademark registrations expire 15 years from the registration date. All trademark registrations may be renewed for a nominal fee.

Although our flavor concentrate suppliers generally own the proprietary rights to the flavors, we have the exclusive rights to our flavor concentrates developed with our current flavor concentrate suppliers, which we protect as trade secrets. We will continue to take appropriate measures to maintain the secrecy and proprietary nature of our flavor concentrates.

We consider our trademarks and trade secrets to be of considerable value and importance to our business.

Seasonality

Our sales are seasonal and we experience fluctuations in quarterly results as a result of many factors. We historically have generated a greater percentage of our revenues during the warm weather months of April through September. Sales may fluctuate materially on a quarter to quarter basis or an annual basis when we launch a new product or fill the “pipeline” of a new distribution partner or a large retail partner. Sales results may also fluctuate based on the number of stock keeping units or “SKUs” selected or removed by our distributors and retail partners through the normal course of serving consumers in the dynamic, trend-oriented beverage industry. As a result, management believes that period-to-period comparisons of results of operations are not necessarily meaningful and should not be relied upon as any indication of future performance or results expected for the fiscal year.

For additional information, refer to Part I, “Item 1A. Risk Factors” of this Annual Report.

Human Capital

We believe the strength of our workforce is one of the significant contributors to our success. Attracting, developing and retaining talent with the right skills to drive our business is central to our purpose, mission and long-term growth strategy. Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and new employees, advisors and consultants. The principal purposes of our equity incentive plan is to attract, retain and reward personnel through the granting of stock-based compensation awards, in order to increase shareholder value and the success of our Company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

As of the date of this Report, we have 27 employees, all of which are full-time, and with the exception of two employees located in Canada are all located in the United States. Of our 27 employees, 15 are employed in sales and marketing capacities, 4 are employed in finance and accounting capacities and 8 are employed in customer service, manufacturing and quality control capacities. None of our employees are represented by labor unions.

Securities Exchange Act Reports and other Available Information

As a public company, we are required to file our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements on Schedule 14A and other information (including any amendments) with the Securities and Exchange Commission (the “SEC”). You can find our SEC filings at the SEC’s website at www.sec.gov.

Our Internet address is www.jonessoda.com. Certain information contained on our website is not part of this annual report on Form 10-K.

We make available on or through our website at www.jonessoda.com our SEC filings free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC. In addition, the following corporate governance materials are also available on our website under “Investor Relations — Corporate Governance:”

- Audit Committee Charter
- Compensation and Governance Committee Charter
- Code of Conduct applicable to all directors, officers and employees of Jones Soda Co.
- Code of Ethics for our CEO and senior financial officers.

A copy of any of the materials filed with or furnished to the SEC or copies of the corporate governance materials described above are available free of charge and can be mailed to you upon request to Jones Soda Co., 1522 Western Ave, STE 24150, Seattle, WA 98101.

ITEM 1A. RISK FACTORS.

You should carefully consider the following risk factors that may affect our business, including our financial condition and results of operations. The risks and uncertainties described below are not the only risks we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business. If any of the following risks actually occur, our business could be harmed, the trading price of our common stock could decline and you could lose all or part of your investment in us.

Risks Related to our Financial Condition and Capital Requirements

We have experienced recurring losses from operations and negative cash flows from operating activities

We have experienced recurring losses from operations and negative cash flows from operating activities. We incurred a net loss of \$1.8 million for the year ended December 31, 2025. Our accumulated deficit increased to \$94.7 million as of December 31, 2025 compared to the prior year's deficit of \$92.9 million.

We may encounter unforeseen expenses, difficulties, complications, delays, and other unknown factors that may adversely affect our financial condition. Our prior losses and possible future losses may have an adverse effect on our financial condition. If our products do not achieve sufficient market acceptance and our revenues do not increase as expected, we may continue to generate operating losses for the foreseeable future. If we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, expand our business, diversify our product offerings or continue our operations. A decline in the value of our Company could cause you to lose all or part of your investment.

If we are not able to successfully execute on our future operating plans, our financial condition and results of operation may be materially adversely affected, and we may not be able to continue as a going concern.

It is critical that we meet our sales goals and increase sales revenues going forward as our operating plan already reflects prior significant cost containment measures, and we believe any further significant cost reductions could harm our operations. If we do not meet our sales revenue goals, our available cash and working capital will decrease and our financial condition will be negatively impacted.

We may need additional financing in the future, which may not be available when needed or may be costly and dilutive.

We may require additional financing to support our working capital needs in the future. The amount of additional capital we may require, the timing of our capital needs and the availability of financing to fund those needs will depend on a number of factors, including our strategic initiatives and operating plans, the performance of our business and the market conditions for debt or equity financing. Additionally, the amount of capital required will depend on our ability to meet our sales revenue goals and otherwise successfully execute our operating plan. We believe it is imperative that we meet our annual sales revenue objectives in order to lessen our reliance on external financing in the future. We intend to continually monitor and adjust our operating plan as necessary to respond to developments in our business, our markets and the broader economy. Although we believe various debt and equity financing alternatives may be available to us to support our working capital needs, financing arrangements may not be available to us when needed or on terms acceptable to us or, if available, may be dilutive to our shareholders. In addition, the incurrence of indebtedness would result in increased fixed payment obligations and we may be required to agree to certain restrictive covenants, such as limitations on our ability to make certain dividends, incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. Moreover, these alternatives may require significant cash payments for interest and other costs or could be highly dilutive to our existing shareholders. Any such financing alternatives may not provide us with sufficient funds to meet our long-term capital requirements. If necessary, we may explore strategic transactions that we consider to be in the best interest of the Company and our shareholders, which may include, without limitation, public or private offerings of debt or equity securities, a rights offering, and other strategic alternatives; however, these options may not ultimately be available or feasible when needed. If we are unable to obtain funding on a timely basis, we may be required to curtail, delay or discontinue our operations or be unable to expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition and results of operations.

Risk Factors Relating to Our Current Brand and Beverage Industry

We compete in an industry that is brand-conscious, so brand name recognition and acceptance of our products are critical to our success.

Our business is substantially dependent upon awareness and market acceptance of our products and brands by our target market, trendy, young consumers looking for a distinctive tonality in their beverage choices. In addition, our business depends on acceptance by our independent distributors and retailers of our brands as beverage brands that have the potential to provide incremental sales growth. If we are not successful in the revitalization and growth of our brand and product offerings, we may not achieve and maintain satisfactory levels of acceptance by independent distributors and retail consumers. Any failure of our Jones Soda brand to maintain or increase acceptance or market penetration would likely have a material adverse effect on our revenues and financial results.

Our brand and image are keys to our business and any inability to maintain a positive brand image could have a material adverse effect on our results of operations.

Our success depends on our ability to maintain brand image for our existing products and effectively build up brand image for new products and brand extensions. We cannot predict whether our advertising, marketing and promotional programs will have the desired impact on our products' branding and on consumer preferences. In addition, negative public relations and product quality issues, whether real or imagined, could tarnish our reputation and image of the affected brands and could cause consumers to choose other products. Our brand image may also be adversely affected by unfavorable reports, studies and articles, litigation, or regulatory or other governmental action, whether involving our products or those of our competitors.

Competition from traditional and large, well-financed non-alcoholic beverage manufacturers may adversely affect our distribution relationships and may hinder development of our existing markets, as well as prevent us from expanding our markets.

The beverage industry is highly competitive. We compete with other beverage companies not only for consumer acceptance but also for shelf space in retail outlets and for marketing focus by our distributors, all of whom also distribute other beverage brands. Our products compete with all non-alcoholic beverages, most of which are marketed by companies with substantially greater financial, marketing and other resources than ours. Some of these competitors are placing severe pressure on independent distributors not to carry competitive sparkling brands such as ours. We also compete with regional beverage producers and "private label" soft drink suppliers.

Our direct competitors in the sparkling beverage category include traditional large beverage companies and distributors, and regional premium soft drink companies. These national and international competitors have advantages such as lower production costs, larger marketing budgets, greater financial and other resources and more developed and extensive distribution networks than ours. We may not be able to grow our volumes or maintain our selling prices, whether in existing markets or as we enter new markets.

Increased competitor consolidations, market-place competition, particularly among branded beverage products, and competitive product and pricing pressures could impact our earnings, market share and volume growth. If, due to such pressure or other competitive threats, we are unable to sufficiently maintain or develop our distribution channels, we may be unable to achieve our current revenue and financial targets. As a means of maintaining and expanding our distribution network, we intend to introduce product extensions and additional brands; however, we may not be successful in doing this, or it may take us longer than anticipated to achieve market acceptance of these new products and brands, if at all. Other companies may be more successful in this regard over the long term. Competition, particularly from companies with greater financial, marketing and other resources than ours, could have a material adverse effect on our existing markets, as well as on our ability to expand the market for our products.

We compete in an industry characterized by rapid changes in consumer preferences and public perception, so our ability to continue developing new products to satisfy the changing preferences of consumers will determine our long-term success.

Failure to introduce new brands, products or product extensions into the marketplace as current ones mature and to meet the changing preferences of consumers could prevent us from gaining market share and achieving long-term profitability. Product lifecycles can vary and consumer preferences and loyalties change over time. Although we try to anticipate these shifts and innovate new products to introduce to our consumers, we may not succeed. Consumer preferences also are affected by factors other than taste, such as health and nutrition considerations and obesity concerns, shifting consumer needs, changes in consumer lifestyles, increased consumer information and competitive product and pricing pressures. Sales of our products may be adversely affected by the negative publicity associated with these issues. If we do not adequately anticipate or adjust to respond to these and other changes in consumer preferences, we may not be able to maintain and grow our brand image and our sales may be adversely affected.

We may experience a reduced demand for some of our products due to health concerns (including obesity) and legislative initiatives against sweetened beverages.

Consumers are concerned about health and wellness; public health officials and government officials are increasingly vocal about obesity and its consequences. There has been a trend among some public health advocates and dietary guidelines to recommend a reduction in sweetened beverages, as well as increased public scrutiny, new taxes on sugar-sweetened beverages, and additional governmental regulations concerning the marketing and labeling/packing of the beverage industry. *See Risk Factor - Legislative or regulatory changes that affect our products, including new taxes, could reduce demand for products or increase our costs.* Additional or revised regulatory requirements, whether labeling, tax or otherwise, could have a material adverse effect on our financial condition and results of operations. Further, increasing public concern with respect to sweetened beverages could reduce demand for our beverages and increase desire for more low-calorie soft drinks, water, enhanced water, coffee-flavored beverages, tea, and beverages with natural sweeteners. We are continuously working to reduce calories and sugar in our Jones Cane Sugar products while launching additional products, to pair with existing brand extensions such as Jones Sugar Free that round out our diversified portfolio.

Risk Factors Relating to Our Business Operations and Financial Results

Our reliance on distributors, retailers and brokers could affect our ability to efficiently and profitably distribute and market our products, maintain our existing markets and expand our business into other geographic markets.

Our ability to maintain and expand our existing markets for our products, and to establish markets in new geographic distribution areas, is dependent on our ability to establish and maintain successful relationships with reliable distributors, retailers and brokers strategically positioned to serve those areas. Most of our distributors, retailers and brokers sell and distribute competing products, including non-alcoholic and alcoholic beverages, and our products may represent a small portion of their businesses. The success of this network will depend on the performance of the distributors, retailers and brokers of this network. There is a risk that the mentioned entities may not adequately perform their functions within the network by, without limitation, failing to distribute to sufficient retailers or positioning our products in localities that may not be receptive to our product. Our ability to incentivize and motivate distributors to manage and sell our products is affected by competition from other beverage companies who have greater resources than we do. To the extent that our distributors, retailers and brokers are distracted from selling our products or do not employ sufficient efforts in managing and selling our products, including re-stocking the retail shelves with our products, our sales and results of operations could be adversely affected. Furthermore, such third-parties' financial position or market share may deteriorate, which could adversely affect our distribution, marketing and sales activities.

Our ability to maintain and expand our distribution network and attract additional distributors, retailers and brokers will depend on a number of factors, some of which are outside our control. Some of these factors include:

- the level of demand for our brands and products in a particular distribution area;
- our ability to price our products at levels competitive with those of competing products; and
- our ability to deliver products in the quantity and at the time ordered by distributors, retailers and brokers.

We may not be able to successfully manage all or any of these factors in any of our current or prospective geographic areas of distribution. Our inability to achieve success with regards to any of these factors in a geographic distribution area will have a material adverse effect on our relationships in that particular geographic area, thus limiting our ability to maintain or expand our market, which will likely adversely affect our revenues and financial results.

We incur significant time and expense in attracting and maintaining key distributors.

Our marketing and sales strategy depends in large part on the availability and performance of our independent distributors. We currently do not have, nor do we anticipate in the future that we will be able to establish, long-term contractual commitments from some of our distributors. We may not be able to maintain our current distribution relationships or establish and maintain successful relationships with distributors in new geographic distribution areas. Moreover, there is the additional possibility that we may have to incur additional expenditures to attract and maintain key distributors in one or more of our geographic distribution areas in order to profitably exploit our geographic markets.

It is difficult to predict the timing and amount of our sales because our distributors are not required to place minimum orders with us.

Our independent distributors and national accounts are not required to place minimum monthly or annual orders for our products. In order to reduce their inventory costs, independent distributors typically order products from us on a “just in time” basis in quantities and at such times based on the demand for the products in a particular distribution area. Accordingly, we cannot predict the timing or quantity of purchases by any of our independent distributors or whether any of our distributors will continue to purchase products from us in the same frequencies and volumes as they may have done in the past. Additionally, our larger distributors and national partners, may make orders that are larger than we have historically been required to fill. Shortages in inventory levels, supply of raw materials or other key supplies could negatively affect us.

We depend on a limited number of significant customers for a substantial portion of our revenue.

A significant portion of our revenues is derived from a limited number of customers. For the year ended December 31, 2025, our two largest customers accounted for approximately 31.2% and 4.1% of our total revenues, respectively, and in the aggregate represented approximately 35.3% of our total revenues. For the year ended December 31, 2024, our two largest customers accounted for approximately 18.8% and 5.8% of our total revenues, respectively, and in the aggregate represented approximately 24.6% of our total revenues. This level of customer concentration may increase the volatility of our revenues and operating results. Our relationships with these customers are generally governed by contracts; however, such agreements may be subject to termination, non-renewal, or renegotiation on relatively short notice or upon the occurrence of certain events. In addition, these customers may reduce, delay, or cancel orders, seek to renegotiate pricing or other terms, or shift their business to competitors for a variety of reasons, including changes in their own business strategies, financial condition, or industry dynamics. The loss of, or a significant reduction in purchases by, any of our significant customers, or a deterioration in our relationships with such customers, could materially and adversely affect our business, financial condition, and results of operations. Additionally, our dependence on a limited number of customers may limit our ability to increase prices or negotiate favorable terms, which could adversely impact our margins. We may not be able to replace any lost revenue from these customers on comparable terms or within a reasonable period of time, if at all.

If we do not adequately manage our inventory levels, our operating results could be adversely affected.

We need to maintain adequate inventory levels to be able to deliver products to distributors on a timely basis. Our inventory supply depends on our ability to correctly estimate demand for our products. Our ability to estimate demand for our products is imprecise, particularly for new products, seasonal promotions and new markets. If we materially underestimate demand for our products or are unable to maintain sufficient inventory of raw materials, we might not be able to satisfy demand on a short-term basis. If we overestimate distributor or retailer demand for our products, we may end up with too much inventory, resulting in higher storage costs, increased trade spend and the risk of inventory spoilage. If we fail to manage our inventory to meet demand, we could damage our relationships with our distributors and retailers and could delay or lose sales opportunities, which would unfavorably impact our future sales and adversely affect our operating results. In addition, if the inventory of our products held by our distributors and retailers is too high, they will not place orders for additional products, which would also unfavorably impact our sales and adversely affect our operating results.

If we fail to maintain relationships with our independent contract manufacturers, our business could be harmed.

We do not manufacture our products but instead outsource the manufacturing process to third-party bottlers and independent contract manufacturers (co-packers). We do not own the plants or the majority of the equipment required to manufacture and package our beverage products, and we do not anticipate bringing the manufacturing process in-house in the future. Our ability to maintain effective relationships with contract manufacturers and other third parties for the production and delivery of our beverage products in a particular geographic distribution area is important to the success of our operations within each distribution area. Competition for contract manufacturers' business is intense, especially in the western United States, and this could make it more difficult for us to obtain new or replacement manufacturers, or to locate back-up manufacturers, in our various distribution areas, and could also affect the economic terms of our agreements with our existing manufacturers. We may not be able to maintain our relationships with current contract manufacturers or establish satisfactory relationships with new or replacement contract manufacturers, whether in existing or new geographic distribution areas. The failure to establish and maintain effective relationships with contract manufacturers for a distribution area could increase our manufacturing costs and thereby materially reduce gross profits from the sale of our products in that area. Poor relations with any of our contract manufacturers could adversely affect the amount and timing of product delivered to our distributors for resale, which would in turn adversely affect our revenues and financial condition. In addition, our agreements with our contract manufacturers are terminable at any time, and any such termination could disrupt our ability to deliver products to our customers.

Our dependence on independent contract manufacturers could make management of our manufacturing and distribution efforts inefficient or unprofitable.

We are expected to arrange for our contract manufacturing needs sufficiently in advance of anticipated requirements, which is customary in the contract manufacturing industry for comparably sized companies. Based on the cost structure and forecasted demand for the particular geographic area where our contract manufacturers are located, we continually evaluate which of our contract manufacturers to use. To the extent demand for our products exceeds available inventory or the production capacity of our contract manufacturing arrangements, or orders are not submitted on a timely basis, we will be unable to fulfill distributor orders on demand. Conversely, we may produce more product inventory than warranted by the actual demand for it, resulting in higher storage costs and the potential risk of inventory spoilage. Our failure to accurately predict and manage our contract manufacturing requirements and our inventory levels may impair relationships with our independent distributors and key accounts, which, in turn, would likely have a material adverse effect on our ability to maintain effective relationships with those distributors and key accounts.

Increases in costs or shortages of raw materials could harm our business and financial results.

The principal raw materials we use include glass bottles, aluminum cans, labels and cardboard cartons, aluminum closures, flavorings, sucrose/inverted pure cane sugar and sucralose. In addition, certain of our contract manufacturing arrangements allow such contract manufacturers to increase their charges to us based on their own cost increases. These manufacturing and ingredient costs are subject to fluctuation. Substantial increases in the prices of our ingredients, raw materials and packaging materials, to the extent that they cannot be recouped through increases in the prices of finished beverage products, would increase our operating costs and could reduce our profitability. If our supply of these raw materials is impaired or if prices increase significantly, it could affect the affordability of our products and reduce sales.

The beverage industry has experienced increased prices for glass bottles over the last several years and the availability of glass supply diminished for companies not under contract. Our fixed-price purchase commitment for glass, which helps mitigate the risk of unexpected price increases, expires at the end of 2028. The prices of any of the above or any other raw materials or ingredients may continue to rise in the future. Due to the price sensitivity of our products, we may not be able to pass such increases on to our customers, which could have a material adverse effect on our business and financial results.

If we are unable to secure sufficient ingredients or raw materials including glass, sugar, and other key supplies, we might not be able to satisfy demand on a short-term basis. Moreover, in the past there have been industry-wide shortages of certain concentrates, supplements and sweeteners and these shortages could occur again from time to time in the future, which could interfere with and delay production of our products and could have a material adverse effect on our business and financial results.

In addition, suppliers could fail to provide ingredients or raw materials on a timely basis, or fail to meet our performance expectations, for a number of reasons, including, for example, disruption to the global supply chain as a result of pandemics, which could cause a serious disruption to our business, increase our costs, decrease our operating efficiencies and have a material adverse effect on our business, results of operations and financial condition.

Increases in costs of energy and increased regulations may have an adverse impact on our gross margin.

Our business relies on third-party transportation providers and logistics networks to deliver our products and materials. As a result, our cost structure is exposed to fluctuations in oil prices, which directly impact fuel costs, including diesel and gasoline, and, in turn, freight and shipping rates. Volatility in global oil markets, driven by factors such as geopolitical tensions, supply constraints, production decisions by oil-producing countries, and macroeconomic conditions, can result in significant and unpredictable increases in fuel prices. These increases are typically passed through to us by our transportation providers in the form of higher freight rates, fuel surcharges, and accessorial charges. Sustained increases in oil prices could materially increase our cost of goods sold and operating expenses, adversely affecting our gross margins and profitability. In addition, higher transportation costs may reduce demand for our products if we are unable to pass through such cost increases to customers, or if doing so makes our products less competitive. Our ability to mitigate the impact of higher fuel and freight costs may be limited. While we may seek to offset such increases through pricing actions, operational efficiencies, supply chain optimization, or contractual arrangements, these measures may not be sufficient or timely, and competitive or contractual constraints may limit our ability to fully recover increased costs. Accordingly, increases in oil prices and related transportation costs could have a material adverse effect on our business, financial condition, and results of operations. Recently, the war in Iran has significantly increased these fuel prices and it is likely these substantial increases will either need to be passed along to our customers or result in lower margins for our business.

Disruption within our supply chain, contract manufacturing or distribution channels could have an adverse effect on our business, financial condition and results of operations.

Our ability, through our suppliers, business partners, contract manufacturers, independent distributors and retailers, to make, move and sell products is critical to our success. Damage or disruption to our suppliers or to manufacturing or distribution capabilities due to weather, natural disaster, fire or explosion, terrorism, pandemics such as influenza, labor strikes, military conflict, geopolitical events or other reasons, could impair the manufacture, distribution and sale of our products. Many of these events are outside of our control. Failure to take adequate steps to protect against or mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could adversely affect our business, financial condition and results of operations.

We rely upon our ongoing relationships with our key flavor suppliers. If we are unable to source our flavors on acceptable terms from our key suppliers, we could suffer disruptions in our business.

We currently purchase our flavor concentrate from various flavor concentrate suppliers, and continually develop other sources of flavor concentrate for each of our products. Generally, flavor suppliers hold the proprietary rights to their flavors. Although we have the exclusive rights to flavor concentrates developed with our current flavor concentrate suppliers, we do not have the list of ingredients or formulas for our flavors and concentrates. Consequently, we may be unable to obtain these same flavors or concentrates from alternative suppliers on short notice. Furthermore, if we cannot replicate our most popular flavors with alternative supplies this may result in a loss of customers who turn to our competitors' beverage and have a negative impact on our brand loyalty in the long term. If we have to replace a flavor supplier, we could experience disruptions in our ability to deliver products to our customers, or products favored by our customers, which could have a material adverse effect on our results of operations.

If we are unable to attract and retain key personnel, our efficiency and operations would be adversely affected; in addition, management turnover causes uncertainties and could harm our business.

Our success depends on our ability to attract and retain highly qualified employees in such areas as finance, sales, marketing and product development. We compete to hire new employees, and, in some cases, must train them and develop their skills and competencies. We may not be able to provide our employees with competitive salaries, and our operating results could be adversely affected by increased costs due to increased competition for employees, higher employee turnover or increased employee benefit costs.

To the extent we experience management turnover, our operations, financial condition and employee morale could be negatively impacted. In addition, competition for top management is high and it may take months to find a candidate that meets our requirements. If we are unable to attract and retain qualified management personnel, our business could suffer.

If we fail to protect our trademarks and trade secrets, we may be unable to successfully market our products and compete effectively.

We rely on a combination of trademark and trade secrecy laws, confidentiality procedures and contractual provisions to protect our intellectual property rights. Failure to protect our intellectual property could harm our brand and our reputation, and adversely affect our ability to compete effectively. Further, enforcing or defending our intellectual property rights, including our trademarks, copyrights, licenses and trade secrets, could result in the expenditure of significant financial and managerial resources. We regard our intellectual property, particularly our trademarks and trade secrets to be of considerable value and importance to our business and our success, and we actively pursue the registration of our trademarks in the United States, Canada and internationally. However, the steps taken by us to protect these proprietary rights may not be adequate and may not prevent third parties from infringing or misappropriating our trademarks, trade secrets or similar proprietary rights. In addition, other parties may seek to assert infringement claims against us, and we may have to pursue litigation against other parties to assert our rights. Any such claim or litigation could be costly. In addition, any event that would jeopardize our proprietary rights or any claims of infringement by third parties could have a material adverse effect on our ability to market or sell our brands, profitably exploit our products or recoup our associated research and development costs.

As part of the licensing strategy of our brands, we enter into licensing agreements under which we grant our licensing partners certain rights to use our trademarks and other designs. Although our agreements require that the use of our trademarks and designs is subject to our control and approval, any breach of these provisions, or any other action by any of our licensing partners that is harmful to our brands, goodwill and overall image, could have a material adverse impact on our business.

We depend upon licensed intellectual property to generate some of our revenues.

A significant portion of our net revenue is derived from products and services associated with licensed intellectual property. Our ability to generate revenue from these licensed properties is dependent on the continuation of our licensing agreements and our ongoing compliance with the terms and conditions of those agreements. These agreements are generally subject to fixed terms and may be terminated by the licensor under certain circumstances, including, but not limited to, our failure to satisfy contractual obligations such as minimum royalty payments, performance thresholds, or quality standards. In addition, licensors may elect not to renew these agreements upon expiration or may seek to renegotiate terms that are less favorable to us. If any of our key license agreements were to be terminated, not renewed, or materially modified on unfavorable terms, we could lose the right to use the associated intellectual property. Because a substantial portion of our revenue is concentrated in these licensed properties, the loss of one or more significant licenses could have a material adverse effect on our business, financial condition, and results of operations. For the year ended December 31, 2025, approximately 39% of our total net revenue was attributable to products utilizing one or more licensed properties, including the licensed property, Fallout. Such an event could result in a decline in revenue, inventory write-downs, and increased costs associated with transitioning to alternative products or brands. Furthermore, our reliance on licensed properties subjects us to risks associated with the licensors' reputation, brand strength, and ability to maintain consumer demand. Any negative publicity, reputational harm, or decline in the popularity of a licensed property could adversely affect sales of our products associated with that property and, in turn, our operating results. We may not be able to replace licensed properties with alternative intellectual property or develop proprietary brands that achieve comparable levels of market acceptance, and any such efforts may require significant time and investment without assurance of success.

If we encounter product recalls or other product quality issues, our business may suffer.

Product quality issues, real or imagined, or allegations of product contamination, even when false or unfounded, could tarnish our image and could cause consumers to choose other products. In addition, as a result of changing government regulations or implementation thereof, or allegations of product contamination, we may be required from time to time to recall products entirely or from specific markets. Product recalls could affect our profitability and could negatively affect brand image.

We could be exposed to product liability claims which could materially damage our reputation and brand image and have a material adverse effect on our financial condition.

Although we have product liability and basic recall insurance, insurance coverage may not be sufficient to cover all product liability claims that may arise. To the extent our product liability coverage is insufficient, a product liability claim may have a material adverse effect upon our financial condition. In addition, any product liability claim brought against us may materially damage the reputation and brand image of our products and business.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

We may also become party to other litigation claims and legal proceedings. Litigation involves significant risks, uncertainties and costs, including distraction of management attention away from our business operations. We evaluate litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from those envisioned by our current assessments and estimates. Our policies and procedures require strict compliance by our employees and agents with all U.S. and local laws and regulations applicable to our business operations, including those prohibiting improper payments to government officials. Nonetheless, our policies and procedures may not ensure full compliance by our employees and agents with all applicable legal requirements. Improper conduct by our employees or agents could damage our reputation or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines, as well as disgorgement of profits.

We are subject to risks inherent in sales of products in international markets.

Our operations outside of the United States, contribute to our revenue and profitability, and we believe that developing and emerging markets could present future growth opportunities for us. However, there can be no assurance that existing or new products that we manufacture, distribute or sell will be accepted or be successful in any particular foreign market, due to local or global competition, product price, cultural differences, consumer preferences or otherwise. There are many factors that could adversely affect demand for our products in foreign markets, including, but not limited to, our inability to attract and maintain key distributors in these markets; volatility in the economic growth of certain of these markets; changes in economic, political or social conditions, the status and renegotiations of the North American Free Trade Agreement, imposition of new or increased labeling, product or production requirements, or other legal restrictions; restrictions on the import or export of our products or ingredients or substances used in our products; inflationary currency, devaluation or fluctuation; and/or increased costs of doing business due to compliance with complex foreign and U.S. laws and regulations. If we are unable to effectively operate or manage the risks associated with operating in international markets, our business, financial condition or results of operations could be adversely affected.

Climate change may negatively affect our business.

There is growing concern that a gradual increase in global average temperatures may cause an adverse change in weather patterns around the globe resulting in an increase in the frequency and severity of natural disasters. While warmer weather has historically been associated with increased sales of our products, changing weather patterns could have a negative impact on agricultural productivity, which may limit availability or increase the cost of certain key ingredients such as sugar cane, natural flavors and supplements used in our products. Also, increased frequency or duration of extreme weather conditions may disrupt the productivity of the facilities that produce our products, the operation of our supply chain or impact demand for our products. In addition, the increasing concern over climate change may result in more regional, federal and global legal and regulatory requirements and could result in increased production, transportation and raw material costs. As a result, the effects of climate change could have a long-term adverse impact on our business and results of operations.

Our business and operations may be adversely impacted in the event of a failure or interruption of our information technology infrastructure or as a result of a cybersecurity attack.

The proper functioning of our own information technology (IT) infrastructure is critical to the efficient operation and management of our business. We may not have the necessary financial resources to update and maintain our IT infrastructure, and any failure or interruption of our IT system could adversely impact our operations. In addition, our IT is vulnerable to cyberattacks, computer viruses, worms and other malicious software programs, physical and electronic break-ins, sabotage and similar disruptions from unauthorized tampering with our computer systems. We believe that we have adopted appropriate measures to mitigate potential risks to our technology infrastructure and our operations from these IT-related and other potential disruptions. However, given the unpredictability of the timing, nature and scope of any such IT failures or disruptions, we could potentially be subject to downtimes, transactional errors, processing inefficiencies, operational delays, other detrimental impacts on our operations or ability to provide products to our customers, the compromising of confidential or personal information, destruction or corruption of data, security breaches, other manipulation or improper use of our systems and networks, financial losses from remedial actions, loss of business or potential liability, and/or damage to our reputation, any of which could have a material adverse effect on our cash flows, competitive position, financial condition or results of operations.

Our results of operations may fluctuate from quarter to quarter for many reasons, including seasonality.

Our sales are seasonal and we experience fluctuations in quarterly results as a result of many factors. We historically have generated a greater percentage of our revenues during the warm weather months of April through September. Timing of customer purchases will vary each year and sales can be expected to shift from one quarter to another. As a result, management believes that period-to-period comparisons of results of operations are not necessarily meaningful and should not be relied upon as any indication of future performance or results expected for the fiscal year.

In addition, our operating results may fluctuate due to a number of other factors including, but not limited to:

- Our ability to maintain, develop and expand distribution channels for current and new products, develop favorable arrangements with third party distributors of our products and minimize or reduce issues associated with engaging new distributors and retailers, including, but not limited to, transition costs and expenses and down time resulting from the initial deployment of our products in each new distributor's network;
- Unilateral decisions by distributors, grocery store chains, specialty chain stores, club stores, mass merchandisers and other customers to discontinue carrying all or any of our products that they are carrying at any time;
- Our ability to maintain, develop and expand our direct-to-retail sales channels and national retail accounts, as well as our "MyJones" business;
- Our ability to manage our resources to sufficiently support general operating activities, promotion allowances and slotting fees, promotion and selling activities, and capital expansion, and our ability to sustain profitability;
- Our ability to meet the competitive response by much larger, well-funded and established companies currently operating in the beverage industry, as we introduce new competitive products; and
- Competitive products and pricing pressures and our ability to gain or maintain share of sales in the marketplace as a result of actions by competitors.

Due to these and other factors, our results of operations have fluctuated from period to period and may continue to do so in the future, which could cause our operating results in a particular quarter to fail to meet market expectations.

Changes in tax laws or the imposition of additional duties, quotas, tariffs, and other trade restrictions could adversely affect our business.

Changes in U.S. trade policy, such as the renegotiation of the US Mexico Canada Agreement (USMCA) and the imposition of additional tariffs, present risks to our business. Currently the Company's soft drink beverage products are duty-free under the existing USMCA if they meet the rules of origin (e.g. they are produced in North America). Currently the Company imports raw materials from the US into Canada where it produces glass products for the US and Canadian markets. Any change to these tariffs could adversely affect our ability to produce and market products at competitive prices which could impact sales and financial results. The Company may not be able to move its Canada based glass production to the US at a similar production cost if high tariffs are imposed by the US on Canada sourced soft drink beverages of North American origin.

Our business and periodic financial results can be affected by currency rate fluctuations, because a significant percentage of our business is in Canada.

A significant percentage of our sales are conducted through our Canadian subsidiary, for which we receive revenues in the Canadian dollar. In addition, a significant percentage of our costs of goods are denominated in the Canadian dollar, due to our co-packing facility in Canada. Because of this we are affected by changes in U.S. exchange rates with the Canadian dollar.

In preparing our consolidated financial statements, certain financial information is required to be translated from the Canadian dollar to the U.S. dollar. The translation of our Canadian revenues, cash and other assets is adversely affected when the United States dollar strengthens against the Canadian dollar and is positively affected when the U.S. dollar weakens. Similarly, translation of our Canadian expenses and liabilities is positively affected when the U.S. dollar strengthens against the Canadian dollar and adversely affected when the U.S. dollar weakens. This exposure to foreign currency risk could significantly affect our revenues and profitability from our Canadian operations and could result in significant fluctuations to our periodic consolidated statements of operations and consolidated balance sheets.

Throughout 2026, the U.S. dollar's strength fluctuated significantly in comparison to the Canadian dollar. Based on the Noon buying rates in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York, as of March 30, 2026, the Canadian dollar exchange rate for one U.S. dollar was equal to \$0.71813 compared to \$0.730197 as of December 31, 2025 and \$0.6944 as of December 31, 2024. We cannot predict future changes in these exchange rates. We do not engage in foreign currency hedging transactions.

Changes in our effective tax rate may impact our results of operations.

We are subject to taxes in the U.S. and other jurisdictions. Tax rates in these jurisdictions may be subject to significant change due to economic and/or political conditions. A number of other factors may also impact our future effective tax rate including:

- the jurisdictions in which profits are determined to be earned and taxed;
- the resolution of issues arising from tax audits with various tax authorities;
- changes in valuation of our deferred tax assets and liabilities;
- increases in expenses not deductible for tax purposes, including write-offs of acquired intangibles and impairment of goodwill in connection with acquisitions;
- changes in availability of tax credits, tax holidays, and tax deductions;
- changes in share-based compensation; and
- changes in tax laws or the interpretation of such tax laws and changes in generally accepted accounting principles.

Any material increase in the taxes we owe could materially impact our financial results and results of operations.

Global economic, political, social and other conditions may continue to adversely impact our business and results of operations.

The beverage industry, and particularly those companies selling premium beverages like us, can be affected by macro-economic factors, including changes in national, regional, and local economic conditions, unemployment levels and consumer spending patterns, which together may impact the willingness of consumers to purchase our products as they adjust their discretionary spending. Adverse economic conditions may adversely affect the ability of our distributors to obtain the credit necessary to fund their working capital needs, which could negatively impact their ability or desire to continue to purchase products from us in the same frequencies and volumes as they have done in the past. If we experience similar adverse economic conditions in the future, sales of our products could be adversely affected, collectability of accounts receivable may be compromised and we may face obsolescence issues with our inventory, any of which could have a material adverse impact on our operating results and financial condition.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial results.

The United States generally accepted accounting principles and related pronouncements, implementation guidelines and interpretations with regard to a wide variety of matters that are relevant to our business, such as, but not limited to, stock-based compensation, trade spend and promotions, and income taxes are highly complex and involve many subjective assumptions, estimates and judgments by our management. Changes to these rules or their interpretation or changes in underlying assumptions, estimates or judgments by our management could significantly change our reported results.

If we are unable to maintain effective disclosure controls and procedures and internal control over financial reporting, our stock price and investor confidence could be materially and adversely affected.

We are required to maintain both disclosure controls and procedures and internal control over financial reporting that are effective. Because of their inherent limitations, internal control over financial reporting, however well designed and operated, can only provide reasonable, and not absolute, assurance that the controls will prevent or detect misstatements. Because of these and other inherent limitations of control systems, there is only the reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions. The failure of controls by design deficiencies or absence of adequate controls could result in a material adverse effect on our business and financial results, which could also negatively impact our stock price and investor confidence.

There can be no assurance that our acquisitions, investments or expansions of scope of existing relationships will have a beneficial impact on our business, financial condition and results of operations.

We have entered into and may in the future enter into additional acquisitions or investments with third parties that we believe will complement our existing business. Our ability to complete acquisitions or investments is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, acquisitions or investments could present unforeseen integration or operational obstacles or costs, may not enhance our business, and/or may involve risks that could adversely affect us, including by diverting significant amounts of management time from operations in order to pursue and complete such transactions or maintain such relationships. Future acquisitions or investments could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future acquisitions or investments will achieve, the expected benefits to our business or that we will be able to consummate future acquisitions or investments on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

In addition, future acquisitions by us could result in future issuances of shares of our common stock which may result in additional dilution of the percentage ownership of our shareholders and could cause the trading price of our common stock to decline.

Risks Relating to Regulation and Compliance

Legislative or regulatory changes that affect our products, including new taxes, could reduce demand for products and/or increase our costs.

Taxes imposed on the sale of certain of our products by federal, state and local governments in the United States, or other countries in which we operate could cause consumers to shift away from purchasing our beverages. Several municipalities in the United States have implemented or are considering implementing taxes on the sale of certain “sugared” beverages, including non-diet soft drinks, fruit drinks, teas and flavored waters to help fund various initiatives. These taxes could materially affect our business and financial results.

Our business is subject to many regulations and noncompliance may be costly.

The production, marketing and sale of our beverages, including contents, labels, caps and containers, are subject to the rules and regulations of various federal, provincial, state and local health agencies. If a regulatory authority finds that a current or future product or production batch or “run” is not in compliance with any of these regulations, we may be fined, or production may be stopped, which may adversely affect our financial condition and results of operations. Similarly, any adverse publicity associated with any noncompliance may damage our reputation and our ability to successfully market our products. Furthermore, the rules and regulations that our business is subject to are subject to change, and while we closely monitor developments in this area, we cannot anticipate whether changes in these rules and regulations will adversely impact our business. Additional or revised regulatory requirements, whether labeling, environmental, tax or otherwise, could have a material adverse effect on our financial condition and results of operations.

Significant additional labeling or warning requirements may inhibit sales of affected products.

Various jurisdictions may seek to adopt significant additional product labeling or warning requirements relating to the chemical content or perceived adverse health consequences of certain of our products. These types of requirements, if they become applicable to one or more of our products under current or future environmental or health laws or regulations, may inhibit sales of such products. In California, a law requires that a specific warning appear on any product that contains a component listed by the state as having been found to cause cancer or birth defects. This law recognizes no generally applicable quantitative thresholds below which a warning is not required. If a component found in one of our products is added to the list, or if the increasing sensitivity of detection methodology that may become available under this law and related regulations as they currently exist, or as they may be amended, results in the detection of an infinitesimal quantity of a listed substance in one of our beverages produced for sale in California, the resulting warning requirements or adverse publicity could affect our sales.

Cannabis is a controlled substance in the United States and therefore subject to the Controlled Substances Act (“CSA”).

In the United States, cannabis is regulated at both the federal and state levels. To our knowledge, there are to date a total of 39 states, and the District of Columbia, that have now passed legislation or legalized cannabis in some form, 24 of which have authorized its recreational use including California, Nevada, New York, New Jersey, and Washington. Although several states allow the sale of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA and, as such, cultivation, distribution, sale and possession of cannabis violates federal law in the United States. The inconsistency between federal and state laws and regulations may result in a loss of the value of our investment in such business.

While state regulation in certain U.S. states may take a permissive approach to medical and/or adult-use of cannabis, the CSA may still be enforced by U.S. federal law enforcement officials against individuals and companies operating in those states for activity that is legal under state law. If the U.S. Department of Justice opted to pursue a policy of aggressively enforcing U.S. federal law against financiers or equity owners of cannabis-related businesses, then we could face (i) seizure of our cash and other assets used to support or derived our cannabis business activities; and/or (ii) the arrest of its employees, directors, officers, managers and/or investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on us, including our reputation and ability to conduct business, the listing of our securities on the CSE or other exchanges, our financial position, operating results, profitability or liquidity or the market price of our listed securities. Overall, an investor's contribution to and involvement in our activities may result in federal civil and/or criminal prosecution, including forfeiture of his or her entire investment.

Regulatory Uncertainty For Hemp Derived Beverage Business

Federal regulators have not yet implemented a comprehensive regulatory framework governing intoxicating hemp products. Future rulemaking by the FDA or DEA could impose restrictions that significantly affect the market. Congress periodically revisits hemp policy through farm bill legislation. Future amendments could: redefine hemp using total THC rather than Delta-9 THC; impose milligram limits per product; and restrict intoxicating cannabinoids. Such changes could materially impact the HD9 industry. State regulatory regimes vary widely. Products legal in one state may be prohibited in another, requiring companies to maintain complex multi-state compliance programs. Companies may face enforcement actions related to: inaccurate labeling; unapproved health claims; synthetic cannabinoid production; and sales to minors.

The hemp-derived cannabinoid industry has seen increasing litigation involving consumer product liability; labeling disputes; and regulatory interpretation. The HD9 regulatory environment continues to evolve rapidly. Congress is periodically proposing legislation that would regulate intoxicating hemp products more strictly. The FDA has indicated that a new regulatory approach may be necessary to manage hemp-derived cannabinoids in consumer products. States continue to pass legislation regulating intoxicating hemp products, often focusing on product potency limits; youth access restrictions; and testing requirements.

We operate in highly regulated industries where the regulatory environments are rapidly developing and we may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.

Our business and activities are heavily regulated in all jurisdictions where we carry on business. Our operations are subject to various laws, regulations and guidelines by governmental authorities (including, in Canada, Health Canada) and other federal, provincial, state and local regulatory agencies relating to, among other things, the cultivation, manufacture, processing, marketing, labeling, packaging, management, transportation, distribution, import, export, storage, sale, pricing and disposal of cannabis, hemp and cannabis-based products, and also including laws, regulations and guidelines relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment (including relating to emissions and discharges to water, air and land, and the handling and disposal of hazardous and non-hazardous materials and wastes). Our operations may also be affected in varying degrees by government regulations with respect to, among other things, price controls, import or export controls, controls on currency remittance, increased income taxes, restrictions on foreign investment and government policies rewarding contracts to local competitors or requiring domestic producers or vendors to purchase supplies from a particular jurisdiction. Laws, regulations and guidelines, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on our products and services, as well as on our personnel (including management and the Board).

Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all necessary regulatory approvals for the cultivation, production, processing, storage, transportation, distribution, sale, import and export, as applicable, of our products. The cannabis and hemp industries are still new, and in Canada, in particular, the *Cannabis Act* has no close precedent in Canadian law. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, necessary regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, financial condition, results of operations and growth prospects. For example, in the U.S., registered federal trademark protection is only available for goods and services that can be lawfully used in interstate commerce; the United States Patent and Trademark Office is not currently approving any trademark applications for cannabis, or certain goods containing hemp-derived cannabinoids (such as dietary supplements and food) until the U.S. Food and Drug Administration ("FDA") and the U.S. Department of Agriculture ("USDA") provides clearer guidance on the regulation of such products.

The regulatory environment for our products is rapidly developing, and the need to build and maintain robust systems to comply with different and changing regulations in multiple jurisdictions increases the possibility that we may violate one or more applicable requirements. While we endeavor to comply with all relevant laws, regulations and guidelines, any failure to comply with the regulatory requirements applicable to our operations could subject us to negative consequences, including, but not limited to, civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, asset seizures, revocation or imposition of additional conditions on licenses to operate our business, the denial of regulatory applications (including, in the U.S., by other regulatory regimes that rely on the positions of the U.S. Drug Enforcement Administration ("DEA"), FDA and USDA in the application of their respective regimes), the suspension or expulsion from a particular market or jurisdiction or of our key personnel, or the imposition of additional or more stringent inspection, testing and reporting requirements, any of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Additionally, scheduled or unscheduled inspections of our facilities or facilities of our third party suppliers, co-manufacturers, and distributors by applicable regulatory agencies could result in adverse findings that could require significant remediation efforts and/or temporary or permanent shutdown of our facilities or those of our third party suppliers. In the United States, failure to comply with FDA and USDA requirements (and analogous state agencies) may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. The outcome of any regulatory or agency proceedings, investigations, inspections, audits, and other contingencies could harm our reputation, require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money, harming our results of operations, financial condition and cash flows. Increasingly, communication and coordination among regulators has led in other industries to coordinated responses to regulatory and licensure applications. To the extent that regulators coordinate responses to license applications and regulatory conditions, limitations or denials of licenses in one jurisdiction may lead to denials in other jurisdictions. There can be no assurance that any pending or future regulatory or agency proceedings, investigations, inspections and audits will not result in substantial costs or a diversion of management's attention and resources, adversely impact our future growth plans and opportunities or have a material adverse effect on our business, financial condition and results of operations.

If any part of our business activities are found to be in violation of any of federal, state, provincial or local laws or any other governmental regulations, in addition to the items described above:

we may be subject to “Warning Letters,” untitled letters, fines, penalties, administrative sanctions, settlements, injunctions, product recalls and/or other enforcement actions arising from civil, administrative or other proceedings initiated that could adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance; the profits or revenues derived therefrom could be subject to anti-money laundering statutes, including the Money Laundering Control Act, which could result in significant disruption to our business operations and involve significant costs, expenses or other penalties; and our suppliers, service providers and distributors may elect, at any time, to breach, terminate or otherwise cease to participate in supply, distribution or other agreements, or other relationships, on which our operations rely.

We may be subject to heightened scrutiny by regulatory authorities.

Any future investments, joint ventures or operations in the United States, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and/or the United States. As a result, we may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on our business.

Anti-money laundering and other banking laws and regulations may limit our ability to access financing and hamper our growth.

We are subject to a variety of domestic and international laws and regulations pertaining to money laundering, financial recordkeeping and proceeds of crime, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities internationally.

In the event that any of our operations or investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations or investments are found to be in violation of money laundering legislation, such transactions may be viewed as proceeds of crimes under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while we have no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that proceeds obtained by us could reasonably be shown to constitute proceeds of crime, we may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Risk Factors Related to Our Common Stock

Our common stock is traded on the OTCQB Marketplace and the Canadian Stock Exchange, which may have an unfavorable impact on our stock price and liquidity.

Our stock is traded on the OTCQB in the United States and the Canadian Stock Exchange (“CSE”) in Canada. The OTCQB and CSE are significantly more limited markets than national securities exchanges in the United States such as the New York Stock Exchange, or Nasdaq and there are lower financial or qualitative standards that a company must meet to be listed on the OTCQB and CSE. Trading in our common stock on each of the OTCQB and the CSE may be subject to abuses, volatility and shorting, which may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. The Financial Industry Regulatory Authority (“FINRA”), which has jurisdiction over the OTCQB, has adopted rules that require a broker-dealer to have reasonable grounds for believing an investment is suitable for that customer when recommending an investment to a customer. FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for some customers and may make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may result in a limited ability to buy and sell our stock.

The price of our common stock may be volatile, and a shareholder’s investment in our common stock could suffer a decline in value.

There has been significant volatility in the volume and market price of our common stock, and this volatility may continue in the future. The market price of our common stock may be subject to wide fluctuations in response to a variety of factors, including the following:

- quarterly variations in our operating results;
- our issuance of new securities;
- announcements about Company developments and initiatives;
- failure to meet or exceed financial projections we provide to the public;
- failure to meet or exceed the estimates and projections of the investment community;
- changes in the market valuations of companies similar to ours;
- announcements of significant acquisitions, strategic collaborations, joint ventures or capital commitments by us or our competitors;
- additions or departures of key personnel;
- sales of our common stock by us or our shareholders in the future;
- trading volume of our common stock;
- changes in analysts’ estimates affecting our Company, our competitors and/or our industry;
- changes in the accounting methods used in or otherwise affecting our industry;
- fluctuations in interest rates and the availability of capital in the capital markets;
- addition or loss of significant customers, manufacturers, distributors or other business partners;
- litigation involving us;
- general trends relating to the beverage industry;
- actions by governmental agencies;
- general economic, industry and market conditions;
- health epidemics and outbreaks or other natural or manmade disasters which could significantly disrupt our operations;
- the other factors described in this “Risk Factors” section; and
- events and circumstances beyond our control.

Any of these factors may result in large and sudden changes in the volume and price at which our common stock will trade. In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. If there is extreme market volatility and trading patterns in our common stock, it may create several risks for investors, including the following:

- the market price of our common stock may experience rapid and substantial increases or decreases unrelated to our actual or expected operating performance, financial condition or prospects, which may make it more difficult for prospective investors to assess the rapidly changing value of our common stock;
- if our future market capitalization reflects trading dynamics unrelated to our actual or expected operating performance, financial performance or prospects, purchasers of our common stock could incur substantial losses as prices decline once the level of market volatility has abated; and
- if the future market price of our common stock declines, investors may be unable to resell their shares at or above the price at which they acquired them.

We cannot assure you that the market of our common stock will not fluctuate or decline significantly in the future, in which case you could incur substantial losses.

Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may negatively affect the market price of our common stock, regardless of our actual operating performance. In addition, shares of our common stock may be more thinly traded than securities of larger, more established beverage companies and, as a result of this lack of liquidity, sales of relatively small quantities of shares of our common stock by our shareholders may disproportionately influence the price of our common stock. The market price of our common stock may decline below the amount you invested, and you may lose some or all of your investment. Furthermore, a prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. If we are unable to raise the funds required for all of our planned operations and key initiatives, we may be forced to allocate funds from other planned uses, which may negatively impact our business and operations, including our ability to develop new products and continue our current operations.

We could be subject to securities class action litigation.

In the past, securities class action litigation has been brought against companies following a decline in the market price of their securities. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

Future sales and issuances of our common stock, or securities convertible into or exercisable for our common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our shareholders and could cause the trading price of our common stock to decline.

From time to time, we may issue additional shares of common stock or securities convertible into or exercisable for our common stock, in one or more transactions at prices and in a manner we determine from time to time. We also expect to issue additional shares of our common stock to directors, officers, employees, and consultants pursuant to our equity incentive plan. The issuance of these securities could dilute our shareholders' ownership in our Company and may include terms that give new investors rights that are superior to those of our current shareholders. Moreover, any issuances by us of equity securities may be at or below the prevailing market price of our common stock and in any event may have a dilutive impact on our shareholders' ownership interest, which could cause the market price of our common stock to decline.

Substantial future sales of our common stock, or the perception in the public markets that these sales may occur, could cause our share price to fall.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares of our common stock intend to sell shares, could reduce the trading price of our common stock and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate.

Unstable market and economic conditions and adverse developments with respect to financial institutions and associated liquidity risk may have serious adverse consequences on our business, financial condition and stock price.

The global credit and financial markets have recently experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, inflationary pressure and interest rate changes, increases in unemployment rates and uncertainty about economic stability. The financial markets and the global economy may also be adversely affected by the current or anticipated impact of military conflict, including the conflict between Russia and Ukraine, the United States, Israel and Iran, terrorism or other geopolitical events. Sanctions imposed by the United States and other countries in response to such conflicts, including the one in Ukraine and in Iran, may also adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others could exacerbate market and economic instability. There can be no assurance that future credit and financial market instability and a deterioration in confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, liquidity shortages, volatile business environment or continued unpredictable and unstable market conditions. If the equity and credit markets deteriorate, or if adverse developments are experienced by financial institutions, it may cause short-term liquidity risk and also make any necessary debt or equity financing more difficult, more costly and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon our business plans. In addition, there is a risk that one or more of our current customers, distributors, manufacturers, financial institutions or other third parties with whom we do business may be adversely affected by the foregoing risks, which may have an adverse effect on our business.

We do not intend to pay any cash dividends on our shares of common stock in the near future, so our shareholders will not be able to receive a return on their shares unless they sell their shares.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend. Accordingly, investors must be prepared to rely on sales of their shares after price appreciation to earn an investment return, which may never occur.

Anti-takeover provisions in our charter documents and under Washington law could make an acquisition of us, which may be beneficial to our shareholders, difficult and prevent attempts by our shareholders to replace or remove our current management.

Provisions in our Articles of Incorporation, as amended, Amended and Restated Bylaws and Washington law may delay or prevent an acquisition of us or a change in our management. These provisions include a prohibition on shareholder actions by less than unanimous written consent, limitations on the ability of shareholders to call a special meeting of shareholders and advance notice procedures with respect to the nomination of candidates for election as directors. In addition, because we are incorporated in Washington, we are governed by the provisions of Chapter 23B.19 of the Washington Business Corporation Act, which, among other things, restricts the ability of shareholders owning 10% or more of our outstanding voting stock from merging or combining with us. Although we believe these provisions collectively provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with our board of directors, they would apply even if an offer may be considered beneficial by some shareholders. In addition, these provisions may frustrate or prevent any attempts by our shareholders to replace or remove our current management by making it difficult for shareholders to replace members of our board of directors, which is responsible for appointing the members of our management.

We are a “smaller reporting company,” and the reduced disclosure requirements applicable to smaller reporting companies may make our common stock less attractive to investors.

We are a “smaller reporting company” under applicable SEC rules, meaning that the market value of our common stock held by non-affiliates is less than \$700.0 million and our annual revenue was less than \$100.0 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than \$250.0 million, or (ii) our annual revenue was less than \$100.0 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates was less than \$700.0 million. As a smaller reporting company, we may choose to present only the two most recent years of audited financial statements and only two years of related Management’s Discussion and Analysis of Financial Condition and Results of Operations disclosure in our Annual Report on Form 10-K, and we may take advantage of reduced disclosure obligations regarding executive compensation.

General Risk Factors

If securities industry analysts do not publish research reports on us, or publish unfavorable reports on us, then the market price and market trading volume of our common stock could be negatively affected.

Any trading market for our common stock may be influenced in part by any research reports that securities industry analysts publish about us. We do not currently have and may never obtain research coverage by securities industry analysts. If no securities industry analysts commence coverage of us, the market price and market trading volume of our common stock could be negatively affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY

The Company has not adopted any formal cybersecurity risk management program or formal processes for assessing, identifying, and managing material risks from cybersecurity threats. At the management level, our Chief Executive Officer and Chief Financial Officer are responsible for addressing cybersecurity incidents, while our full board of directors has oversight responsibility for the Company's overall risk management, including cybersecurity risk, and has not delegated oversight authority for cybersecurity risks to any committee. In the event a cybersecurity incident occurs, the Company's Chief Executive Officer and the Financial Officer are expected to inform our board of directors of the details of such incident as well as the measures taken in response to such incident.

On September 8, 2025, Jones Soda experienced a disruption in its corporate environment which was the result of an encryption event due to a ransomware attack. The Company was able to recover its data from back-ups not affected by the encryption event and was fully operational with its systems within two weeks. All affected parties were notified of potential information related to the data breach affecting the Company's employees. The Company has since switched IT managed services providers and have installed a higher level of security protecting the Company's data. The Company believes that this event did not have material affect on our business strategy, results of operations, or financial condition.

ITEM 2. PROPERTIES.

We do not own any real property.

ITEM 3. LEGAL PROCEEDINGS.

We are not currently involved in any material legal proceedings. We may be involved from time to time in various claims and legal actions arising in the ordinary course of business, including proceedings involving employee claims, contract disputes, product liability and other general liability claims, as well as trademark, copyright, and related claims and legal actions. In the opinion of our management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common stock currently trades on the OTCQB Marketplace (the "OTCQB") in the United States under the symbol "JSDA" and on the Canadian Securities Exchange in Canada under the symbol "JSDA."

Holders

As of March 31, 2026, there were 118,778,488 shares of common stock issued and outstanding, held by approximately 246 holders of record, although there are a much larger number of beneficial owners. The last reported sale price per share of our common stock on the OTCQB on March 28, 2026, was \$0.2250.

Dividends

We have not paid any dividends on our shares of common stock, and we do not anticipate paying any dividends in the foreseeable future.

Equity Compensation Plans

See "Equity Compensation Plan Information" under "Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters" for information on our equity compensation plans.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

ITEM 6. [RESERVED].

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our financial condition and results of operations contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. As described at the beginning of this Annual Report on Form 10-K, our actual results could differ materially from those anticipated in these forward-looking statements. Factors that could contribute to such differences include those discussed at the beginning of this Report, below in this section and in the section above entitled "Risk Factors." You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect new information, events or circumstances after the date of this Report, or to reflect the occurrence of unanticipated events. You should read the following discussion and analysis in conjunction with our consolidated financial statements and the accompanying notes thereto included elsewhere in this Report.

Overview

We develop, produce, market and distribute premium beverages that we sell and distribute primarily in North America through our network of independent distributors and directly to our national and regional retail accounts. We also sell premium soda beverage products in select international markets and license cannabis and hemp infused beverages and syrups in several states. Our premium soda beverage products are sold primarily in grocery stores, convenience and gas stores, on fountain in restaurants, "up and down the street" in independent accounts such as delicatessens, sandwich shops and burger restaurants, as well as through our national accounts with several large retailers. We refer to our network of independent distributors as our direct store delivery ("DSD") channel, and we refer to our national and regional accounts who receive shipments directly from us as our direct to retail ("DTR") channel. We do not directly manufacture any of our premium soda beverage products, but instead outsource the manufacturing process to third-party contract manufacturers. We also sell various premium beverage soda products online, including soda with customized labels, wearables, candy and other items, and we license our trademarks for use on products sold by other manufacturers. In addition, we currently market hemp infused beverages in several states through third party manufacturers and distributors.

Our Focus: Sales Growth

Our focus is sales growth through execution of the following key initiatives:

- Expand the Jones Soda glass bottle business in existing and new sales channels;
- Expand our sales in the health conscious modern soda market; and
- Expand our sales in the Alternative Adult market with our Spiked Jones brands

Results of Operations

Years Ended December 31, 2025 and 2024

	2025	2024	% Change
	(Dollars in thousands)	(Dollars in thousands)	
Revenue	\$ 25,303	\$ 17,793	42.2%
Cost of Goods Sold	(18,539)	(14,132)	(31.2)%
Gross Profit	6,764	3,661	84.8%
% of Revenue	26.7%	20.6%	

Net Revenue

For the year ended December 31, 2025, our net revenue was approximately \$25.3 million, representing an increase of \$7.5 million, or 42.2%, compared to approximately \$17.8 million in revenue for the year ended December 31, 2024. This growth in net sales revenue was driven by new core soda sales through the club channel, incremental Direct to Consumer (DTC) sales, increased Food Service sales, increases in Modern Soda sales and increased HD9 sales. The percentage of our revenues generated in Canada for 2025 and 2024 was 11.2% and 17.3%, respectively.

For the year ended December 31, 2025, trade spending and promotional allowances, which reduced our gross revenue from product sales, totaled approximately \$2.8 million. This represents a decrease of approximately \$1.6 million, or 36.3%, compared to approximately \$4.4 million for the year ended December 31, 2024. The primary reason for the decrease was driven by a higher mix of sales with lower trade spend (club and DTC channels). These two channels accounted for 35% of 2025 gross sales compared to 5.6% in 2024.

Gross Profit

For the year ended December 31, 2025, gross profit increased by \$3.1 million, or 84.8%, to approximately \$6.8 million compared to approximately \$3.7 million for the year ended December 31, 2024 driven by the increase in net sales, and lower trade spend driven by product mix in the current year compared to the prior year. The Company made improvements in inventory management in 2025; however, it still had material inventory impairment charges related to the HD9 business driven by legislative changes made by the Federal Government in November 2025.

Selling and Marketing Expenses

Selling and marketing expenses for the year ended December 31, 2025, were approximately \$5.3 million, a decrease of \$0.3 million, or 5.4%, from approximately \$5.6 million for the year ended December 31, 2024. There were large increases to license fees paid (\$0.6 million) on Fallout licensed products and increases to brokerage fees (\$0.1 million) that were offset by decreases in advertising and promotions (\$0.4 million), trade shows and sponsorships (\$0.3 million), decreases to consulting (\$0.1 million), and decreases to travel (\$0.2 million).

As a result, selling and marketing expenses as a percentage of revenue decreased to 21.0% in the year ended December 31, 2025, from 31.4% in the year ended December 31, 2024. We intend to continue to manage selling and marketing expenses with our working capital resources and it is a major management focus to continue to reduce this % of revenue in the coming quarters.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2025 were approximately \$6.3 million, a decrease of \$1.5 million, or 19.2%, compared to approximately \$7.8 million for the year ended December 31, 2024. This decrease was a result of decreased legal and regulatory expenditures related to our Mary Jones business and the Litigation Matters (\$0.9 million), travel decreases (\$0.3 million), rent decreases (\$0.1 million), insurance decreases (\$0.3 million), professional services decreases (\$0.1 million) and other (\$0.2 million) which was offset by increases in salaries and wages (\$0.4 million). We intend to carefully manage general and administrative expenses in line with our working capital resources and it is a major management focus to reduce this % of revenue in the coming quarters.

Other income (expense)

Other income (expense) was \$3.1 million for the years ended December 31, 2025 compared to other income (expense) of \$12,000 for the years ended December 31, 2024. The increase of \$3.1 million was due to the gain on the sale of the Company's Cannabis business of \$3.9 million which was offset by other expenses of \$0.8 million.

Income Tax Expense

We had income tax expense of approximately \$8,000 and \$25,000 for the years ended December 31, 2025 and 2024, respectively, primarily related to the tax provision on income from our Canadian operations. We have not recorded any tax benefit for the loss in our U.S. operations as we have recorded a full valuation allowance on our U.S. net deferred tax assets. We expect to continue to record a full valuation allowance on our U.S. net deferred tax assets until we sustain an appropriate level of taxable income through improved U.S. operations. Our effective tax rate is based on recurring factors, including the overall consolidated pretax loss, state and foreign income taxes, forecasted mix of income before taxes in various jurisdictions, estimated permanent differences and the recording of a full valuation allowance on our U.S. net deferred tax assets.

Net Loss

Net loss for the year ended December 31, 2025 decreased to approximately \$1.8 million from a net loss of \$9.9 million for the year ended December 31, 2024 or a decrease of \$8.1 million. The majority of the decrease in net loss in 2025 compared to 2024 was primarily driven by the gain on the sale of the Company's Cannabis business (\$3.9 million) and a decrease in the loss from operations (\$5.0 million).

Liquidity and Capital Resources

As of December 31, 2025 and 2024, we had cash and cash-equivalents of approximately \$3.6 million and \$1.3 million, respectively, and working capital of approximately (\$0.5) million and \$2.0 million, respectively. Net cash used in continuing operations during fiscal years 2025 and 2024 totaled approximately \$1.3 million and \$6.2 million, respectively which is an improvement of \$4.9 million for the year ended December 31, 2025.

For the year ended December 31, 2025, cash used in operating activities decreased by approximately \$4.9 million compared to the prior year. This change was primarily driven by an improvement in net loss after adjusting for non-cash items, which decreased by approximately \$4.7 million relative to 2024. Cash generated from changes in non-cash working capital compared to the prior year was improved by \$0.2 million. We incurred a net loss of approximately \$1.7 million from continuing operations in 2025, compared to a net loss of approximately \$9.7 million in 2024, reflecting the lower operating loss as well as the impact of the gain on the disposition of subsidiaries. Our accumulated deficit increased to \$94.7 million as of December 31, 2025, compared to \$92.9 million as of December 31, 2024.

Financing activities provided net cash inflows of approximately \$2.5 million for the year ended December 31, 2025, compared to net cash inflows of \$3.7 million in 2024. The 2025 inflows were primarily attributable to proceeds from new loan financing and the issuance of promissory notes, partially offset by repayments on existing debt and insurance financing arrangements. In contrast, the 2024 inflows were driven largely by the completion of a private placement offering, which generated net proceeds of \$3.6 million, along with net borrowings under the revolving credit facility and proceeds from the exercise of warrants and stock options. These inflows were offset by repayments on the insurance financing agreement and withholding taxes related to restricted share units.

Investing activities provided net cash of approximately \$0.4 million in 2025, compared to cash used of \$27 thousand in 2024. The increase was primarily due to proceeds received from the disposal of a subsidiary, net of cash disposed, along with the proceeds from the sale of property, plant and equipment.

We have experienced recurring losses from operations and negative cash flows from operating activities. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. To address this issue, in the first quarter of fiscal year 2025, the Company changed its senior leadership and is focusing on reducing its operating expenses while bringing products to market with higher margins and potentially higher customer demand. Additionally, on February 19, 2025, the Company, through a wholly-owned subsidiary (the "Subsidiary"), entered into loan agreement (the "Loan Agreement") with Two Shores Capital Corp ("Two Shores"), pursuant to which the Subsidiary may borrow a maximum aggregate amount of up to \$5 million, subject to satisfaction of certain conditions. All advances drawn under the Loan Agreement will bear interest at a rate of 13.75% per annum and all present and future obligations of the Subsidiary arising under the Loan Agreement are secured by a first priority security interest in all of the assets of the Company, the Subsidiary and the Company's other United States subsidiaries. The Loan Agreement replaces the \$2 million revolving credit facility entered into by the Company in March 2024 (the "2024 Credit Facility"). The borrowing base under the Loan Agreement expands the assets that can be financed against from only accounts receivable under the 2024 Credit Facility to accounts receivable, inventory and customer purchase orders. The Loan Agreement was amended on December 1, 2025 to increase the facility to \$10 million.

Based on management's current operating plan, the Company believes its cash on hand, projected cash generated from product sales and funds received from under the Loan Agreement are sufficient to fund the Company's operations for a period of at least 12 months subsequent to the issuance of the accompanying Consolidated Financial Statements. There is no assurance that management's current operating plan will be successful.

Seasonality

Our sales are seasonal and we experience fluctuations in quarterly results as a result of many factors. We historically have generated a greater percentage of our revenues during the warm weather months of April through September. Sales may fluctuate materially on a quarter-to-quarter basis or an annual basis when we launch a new product or fill the "pipeline" of a new distribution partner or a large retail partner. Sales results may also fluctuate based on the number of stock keeping units ("SKUs") selected or removed by our distributors and retail partners through the normal course of serving consumers in the dynamic, trend-oriented beverage industry. As a result, management believes that period-to-period comparisons of results of operations are not necessarily meaningful and should not be relied upon as any indication of future performance or results expected for the fiscal year.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form our basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, or if management made different judgments or utilized different estimates. Many of our estimates or judgments are based on anticipated future events or performance, and as such are forward-looking in nature, and are subject to many risks and uncertainties, including those discussed below and elsewhere in this Report. We do not undertake any obligation to update or revise this discussion to reflect any future events or circumstances.

There are certain critical accounting estimates that we believe require significant judgment in the preparation of our consolidated financial statements. We have identified below our accounting policies that we use in arriving at key estimates that we consider critical to our business operations and the understanding of our results of operations. This is not a complete list of all of our accounting policies, and there may be other accounting policies that are significant to us. For a detailed discussion on the application of these and our other accounting policies, see Note 1 to Consolidated Financial Statements of this Report.

Revenue Recognition

We recognize revenue under Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers* (“ASC 606”). The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. We only apply the five-step model (as described in Note 1 to the Consolidated Financial Statements of this Report) to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods and services transferred to the customer.

Inventory

We hold raw materials and finished goods inventories, which are manufactured and procured based on our sales forecasts. We value inventory at the lower of cost or net realizable value and include adjustments for estimated obsolete or excess inventory, on a first in-first out basis. These valuations are subject to customer acceptance, planned and actual product changes, demand for the particular products, and our estimates of future realizable values based on these forecasted demands. We regularly review inventory detail to determine whether a write-down is necessary. We consider various factors in making this determination, including recent sales history and predicted trends, industry market conditions and general economic conditions. The amount and timing of write-downs for any period could change if we make different judgments or use different estimates. We also determine whether a provision for obsolete or excess inventory is required on products that are over 12 months from production date or any changes related to market conditions, slow-moving inventory or obsolete products.

Trade Spend and Promotion Expenses

Throughout the year, we run trade spend and promotional programs with distributors and retailers to help promote on- shelf discounts to our consumers.

Additionally, in more limited instances, we enter into customer marketing agreements or various other slotting arrangements. The provisions for discounts, slotting fees and promotion allowances are recorded as an offset to revenue and shown net on the consolidated statements of operations. Estimates are made to accrue for amounts that have not yet been invoiced in the month that the program occurs, or in the case of slotting, when the commitment is made.

Income Taxes

We establish income tax liabilities to remove some or all of the income tax benefit of any of our income tax positions based upon one of the following:

- the tax position is not “more likely than not” to be sustained,
- the tax position is “more likely than not” to be sustained, but for a lesser amount, or
- the tax position is “more likely than not” to be sustained, but not in the financial period in which the tax position was originally taken.

Our liability for uncertain tax positions contains uncertainties because management is required to make assumptions and to apply judgment to estimate the exposures associated with our various tax positions.

Our income tax returns, like those of most companies, are periodically audited by domestic and foreign tax authorities. These audits include questions regarding our tax positions, including the timing and amount of deductions and the allocation of income among various tax jurisdictions. As these audits progress, events may occur that cause us to change our liability for uncertain tax positions. To the extent we prevail in matters for which a liability for uncertain tax positions has been established, or are required to pay amounts in excess of our established liability, our effective tax rate in a given financial statement period could be materially affected. An unfavorable tax settlement generally would require use of our cash and may result in an increase in our effective tax rate in the period of resolution. A favorable tax settlement may be recognized as a reduction in our effective tax rate in the period of resolution.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.*

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of Jones Soda Co.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Jones Soda Co. (the “Company”), as of December 31, 2025 and the related consolidated statement of operations and comprehensive loss, shareholders’ equity, and cash flows for the year ended December 31, 2025, and the related notes and schedules (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Jones Soda Co. as of December 31, 2025 and the results of its operations and its cash flows for the year ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated 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 consolidated 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 misstatements 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments.

We determined that there are no critical audit matters.

We have served as the Company’s auditor since 2025.

/s/ **DAVIDSON & COMPANY LLP**

Chartered Professional Accountants

Vancouver, Canada

March 31, 2026

DAVIDSON & COMPANY LLP

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JONES SODA CO.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash	\$ 3,599	\$ 1,275
Accounts receivable, net of allowance of \$50 and \$77, respectively	3,603	1,858
Note receivable	1,400	-
Current licensing fees receivable	150	-
Inventories, net	2,657	3,364
Prefunded insurance premiums from financing	214	199
Prepaid expenses and other current assets	1,224	614
Deferred financing costs	415	-
Current assets of discontinued operations	-	1,070
Total current assets	13,262	8,380
Long-term licensing fees receivable	1,647	-
Fixed assets, net of accumulated depreciation of \$583 and \$422, respectively	321	108
Non-current assets of discontinued operations	-	35
Total assets	\$ 15,230	\$ 8,523
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,378	\$ 3,279
Accrued expenses	3,960	2,464
Revolving credit facility and loans	3,022	291
Insurance premium financing	214	199
Promissory notes	190	-
Current liabilities of discontinued operations	-	134
Total current liabilities	13,764	6,367
Total liabilities	13,764	6,367
Commitments and contingencies (Note 14)		
Shareholders' equity:		
Common stock, no par value:		
Authorized — 800,000,000 . Issued and outstanding shares — 118,227,478 shares and 115,867,659 shares, respectively	95,895	94,883
Accumulated other comprehensive income	299	222
Accumulated deficit	(94,728)	(92,949)
Total shareholders' equity	1,466	2,156
Total liabilities and shareholders' equity	\$ 15,230	\$ 8,523

See accompanying notes to consolidated financial statements.

JONES SODA CO.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year ended December 31,	
	2025	2024
Net Revenue	\$ 25,303	\$ 17,793
Cost of goods sold	(18,539)	(14,132)
Gross profit	6,764	3,661
Operating expenses:		
Selling and marketing	5,254	5,580
General and administrative	6,276	7,812
Total operating expenses	(11,530)	(13,392)
Loss from operations	(4,766)	(9,731)
Other income (expenses):		
Interest income	103	17
Interest expense	(411)	(11)
Other income (expense), net	(203)	6
Loss on sale of note receivables	(280)	-
Gain on disposition of subsidiaries	3,877	-
Total other income (expense)	3,086	12
Loss before income taxes	(1,680)	(9,719)
Income tax provision	(8)	(25)
Loss from continuing operations	(1,688)	(9,744)
Loss from discontinued operations	(91)	(151)
Net loss	\$ (1,779)	\$ (9,895)
Earning (loss) per share – basic and diluted		
Loss from continuing operations	\$ (0.01)	\$ (0.09)
Loss from discontinued operations	\$ (0.00)	\$ (0.00)
Total	\$ (0.01)	\$ (0.09)
Weighted average common shares outstanding - basic and diluted	116,809,839	107,481,563

See accompanying notes to consolidated financial statements.

JONES SODA CO.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands, except per share data)

	Year ended December 31,	
	2025	2024
Net loss	\$ (1,779)	\$ (9,895)
Other comprehensive (loss) income		
Foreign currency translation adjustment	66	(109)
Reclassification of foreign currency translation differences upon disposal of the foreign operation	11	-
Total comprehensive loss	\$ (1,702)	\$ (10,004)

See accompanying notes to consolidated financial statements

JONES SODA CO.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years Ended December 31, 2025 and 2024 (In thousands, except share data)

	Common Stock		Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity
	Number	Amount			
Balance as of December 31, 2023	101,258,135	90,273	331	(83,054)	7,550
Stock-based compensation	3,397,959	1,078	-	-	1,078
Shares withheld for taxes upon RSU vesting	(909,493)	(150)	-	-	(150)
Exercise of Pinestar Warrants	974,808	44	-	-	44
Private Placement Offering, net of issuance costs	11,010,000	3,601	-	-	3,601
Exercise of Stock Options	136,250	37	-	-	37
Net loss	-	-	-	(9,895)	(9,895)
Other comprehensive loss	-	-	(109)	-	(109)
Balance as of December 31, 2024	115,867,659	\$ 94,883	\$ 222	\$ (92,949)	\$ 2,156
Shares issued for restricted share units	2,359,819	-	-	-	-
Fair value of warrants issued	-	65	-	-	65
Stock-based compensation	-	947	-	-	947
Net loss	-	-	-	(1,779)	(1,779)
Other comprehensive income	-	-	77	-	77
Balance as of December 31, 2025	118,227,478	\$ 95,895	\$ 299	\$ (94,728)	\$ 1,466

See accompanying notes to consolidated financial statements.

JONES SODA CO.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, except share data)

	Year ended December 31,	
	2025	2024
OPERATING ACTIVITIES:		
Net loss	\$ (1,779)	\$ (9,895)
Add: Loss from discontinued operations	91	151
Net loss from continuing operations	(1,688)	(9,744)
Adjustments to reconcile net income (loss) to net cash flows used in operating activities:		
Accretion of interest of note receivable	(90)	-
Finance income	(17)	-
Finance costs	269	-
Licensing fees	(85)	-
Loss on disposal	10	-
Loss on sale of note receivables	280	-
Gain on disposition of subsidiaries	(3,877)	-
Depreciation	221	56
Stock-based compensation	947	1,078
Change in allowance for credit losses	-	(183)
Write-off of obsolete inventory	1,209	1,223
Changes in operating assets and liabilities:		
Accounts receivable	(1,575)	(22)
Inventories	(487)	(2,447)
Deferred financing costs	(415)	-
Prefunded insurance premiums from financing	221	158
Prepaid expenses and other current assets	(757)	(362)
Accounts payable	3,090	2,765
Accrued expenses	1,480	1,285
Net cash used in continuing operations	(1,264)	(6,193)
INVESTING ACTIVITIES:		
Disposal of a subsidiary, net of cash disposed of	885	-
Proceeds from disposal of property, plant and equipment	10	-
Purchase of property, plant and equipment	(454)	(27)
Net cash provided by (used in) investing activities	441	(27)
FINANCING ACTIVITIES:		
Net Proceeds from Private Placement Offering	-	3,601
Net cash from revolving credit facility	2,567	291
Proceeds on issuance of promissory notes	450	-
Repayment of promissory notes	(300)	-
Proceeds from the exercise of Pinestar Warrants	-	44
Proceeds from the exercise of stock options	-	37
Payment of taxes on RSU withholding	-	(150)
Repayments on insurance financing	(221)	(158)
Net cash provided by financing activities	2,496	3,665
DISCONTINUED OPERATIONS:		
Net cash provided by operating activities of discontinued operations	329	300
Net cash provided by discontinued operations	329	300
Net change in cash	2,002	2,255
Effect of exchange rate changes on cash	64	(79)
Cash from continuing operations, beginning of period	1,275	1,748
Cash from discontinued operations, beginning of period	258	2,119
Less: Cash from discontinued operations, end of period	-	(258)
Cash, end of period	\$ 3,599	\$ 1,275
Supplemental disclosure:		
Fair value of warrants issued	65	-
Initial recognition of note receivable	2,590	-
Initial recognition of licensing fee receivable	1,696	-
Reclassification of current portion of note receivable	1,400	-
Reclassification of current portion of licensing fee receivable	150	-
Prepaid insurance financed through an insurance premium financing arrangement.	210	-
Cash paid during the period for:		
Interest	\$ 164	\$ -
Income taxes	\$ -	\$ -

See accompanying notes to consolidated financial statements.

JONES SODA CO.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
Years Ended December 31, 2025 and 2024**1. Nature of Operations and Summary of Significant Accounting Policies**

Jones Soda Co. develop, produce, market and distribute premium beverages that we sell and distribute primarily in the United States and Canada through our network of independent distributors and directly to our national and regional retail accounts. We also sell products in select international markets. Our products are sold in grocery stores, convenience and gas stores, on fountain in restaurants, “up and down the street” in independent accounts such as delicatessens, sandwich shops and burger restaurants, as well as through our national accounts with several large retailers. We refer to our network of independent distributors as our direct store delivery (“DSD”) channel, and we refer to our national and regional accounts who receive shipments directly from us as our direct to retail (“DTR”) channel. We do not directly manufacture our products, but instead outsource the manufacturing process to third-party contract manufacturers. We also sell various products online, including soda with customized labels, wearables, candy and other items, and we license our trademarks for use on products sold by other manufacturers. In addition, during 2022, we developed and began to license THC infused cannabis products under the “Mary Jones” brand name in various U.S. states that permitted the sale of THC infused products. We also have a royalty-free license in perpetuity to intellectual property related to Mary Jones for us to license Mary Jones products for use only in Canada.

We are a Washington corporation and have the following subsidiaries: Jones Soda Co. (USA) Inc., Jones Soda (Canada) Inc., Pinestar Gold Inc., and Mary Jones Holdco 2, Inc. (collectively, the “Subsidiaries”).

On June 19, 2025, the Company consummated a Share Purchase Agreement (the “SPA”), as amended, with MJ Reg Disrupters LLC (“MJ Reg”) pursuant to which it sold all of the issued and outstanding equity interests in its wholly owned subsidiaries that operate the cannabis (THC) beverage business (the “Cannabis Subsidiaries”) (Note 2).

Basis of presentation and consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and the Securities and Exchange Commission (SEC) rules and regulations applicable to financial reporting. The consolidated financial statements include our accounts and accounts of our wholly owned subsidiaries. All intercompany transactions between us and our subsidiaries have been eliminated in consolidation.

Liquidity

As of December 31, 2025 and 2024, we had cash and cash-equivalents of approximately \$3.6 million and \$1.3 million, respectively, and working capital of approximately (\$0.5) million and \$2.0 million, respectively. Net cash used in continuing operations during fiscal years 2025 and 2024 totaled approximately \$1.3 million and \$6.2 million, respectively which is an improvement of \$4.9 million for the year ended December 31, 2025.

For the year ended December 31, 2025, cash used in operating activities decreased by approximately \$4.9 million compared to the prior year. This change was primarily driven by an improvement in net loss after adjusting for non-cash items, which decreased by approximately \$4.7 million relative to 2024. Cash generated from changes in non-cash working capital compared to the prior year was improved by \$0.2 million. We incurred a net loss of approximately \$1.7 million from continuing operations in 2025, compared to a net loss of approximately \$9.7 million in 2024, reflecting the lower operating loss as well as the impact of the gain on the disposition of subsidiaries. Our accumulated deficit increased to \$94.7 million as of December 31, 2025, compared to \$92.9 million as of December 31, 2024.

Financing activities provided net cash inflows of approximately \$2.5 million for the year ended December 31, 2025, compared to net cash inflows of \$3.7 million in 2024. The 2025 inflows were primarily attributable to proceeds from new loan financing and the issuance of promissory notes, partially offset by repayments on existing debt and insurance financing arrangements. In contrast, the 2024 inflows were driven largely by the completion of a private placement offering, which generated net proceeds of \$3.6 million, along with net borrowings under the revolving credit facility and proceeds from the exercise of warrants and stock options. These inflows were offset by repayments on the insurance financing agreement and withholding taxes related to restricted share units.

Investing activities provided net cash of approximately \$0.4 million in 2025, compared to cash used of \$27 thousand in 2024. The increase was primarily due to proceeds received from the disposal of a subsidiary, net of cash disposed, along with the proceeds from the sale of property, plant and equipment.

We have experienced recurring losses from operations and negative cash flows from operating activities. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. To address this issue, in the first quarter of fiscal year 2025, the Company changed its senior leadership and is focusing on reducing its operating expenses while bringing products to market with higher margins and potentially higher customer demand. Additionally, on February 19, 2025, the Company, through a wholly-owned subsidiary (the "Subsidiary"), entered into loan agreement (the "Loan Agreement") with Two Shores Capital Corp ("Two Shores"), pursuant to which the Subsidiary may borrow a maximum aggregate amount of up to \$5 million, subject to satisfaction of certain conditions. All advances drawn under the Loan Agreement will bear interest at a rate of 13.75% per annum and all present and future obligations of the Subsidiary arising under the Loan Agreement are secured by a first priority security interest in all of the assets of the Company, the Subsidiary and the Company's other United States subsidiaries. The Loan Agreement replaces the \$2 million revolving credit facility entered into by the Company in March 2024 (the "2024 Credit Facility"). The borrowing base under the Loan Agreement expands the assets that can be financed against from only accounts receivable under the 2024 Credit Facility to accounts receivable, inventory and customer purchase orders. The Loan Agreement was amended on December 1, 2025 to increase the facility to \$10 million.

Based on management's current operating plan, the Company believes its cash on hand, projected cash generated from product sales and funds received from under the Loan Agreement are sufficient to fund the Company's operations for a period of at least 12 months subsequent to the issuance of the accompanying Consolidated Financial Statements. There is no assurance that management's current operating plan will be successful.

Use of estimates

The preparation of the consolidated financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are not limited to, inventory valuation, depreciable lives and valuation of capital assets, accounts receivable credit loss reserve, trade promotion liabilities, stock-based compensation expense, valuation allowance for deferred income tax assets, contingencies, and forecasts supporting the going concern assumption and related disclosures. Actual results could differ from those estimates.

Cash and cash equivalents

We consider all highly liquid short-term investments with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents.

Fair value measurements

Applicable accounting standards define fair value as 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 (an exit price). We measure our assets and liabilities using inputs from the following three levels of the fair value hierarchy: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date, Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by market data by correlation or other means, and Level 3 includes unobservable inputs that reflect assumptions about what factors market participants would use in pricing the asset or liability and are developed based on the best information available, including our own data.

The carrying amounts for cash and cash equivalents, receivables, and payables approximate fair value due to the short-term maturity of these instruments.

Accounts receivable

Our accounts receivable balance primarily includes balances from trade sales to distributors and retail customers. The allowance for credit losses is our best estimate of the amount of probable credit losses in our existing accounts receivable. We determine the allowance for credit losses based primarily on current trends and estimates. The Company reserves a percentage of trade receivable balance based on collection history and current economic trends that the Company expects will impact the level of credit losses over the life of the receivables. These reserves are re-evaluated on a regular basis and adjusted as needed. Once a receivable is deemed to be uncollectible, such balance is charged against the reserve. Allowances for credit losses of approximately \$0.1 million and \$0.1 million as of December 31, 2025 and 2024, respectively, are netted against accounts receivable. Changes in accounts receivable are primarily due to the timing and magnitude of orders of products, the timing of when control of products is transferred to distributors and the timing of cash collections.

Activity in the allowance for credit losses consists of the following for the years ended December 31 (in thousands):

	2025	2024
Beginning of year	\$ 77	\$ 260
Net charges to credit loss	467	133
Write-offs	(494)	(316)
End of year	\$ 50	\$ 77

As of December 31, 2025, one customer accounted for approximately 44% of our accounts receivable, whereas as of December 31, 2024, no individual customer represented a material concentration of our accounts receivable.

Inventories

Inventories consist of raw materials and finished goods and are stated at the lower of cost or net realizable value and include adjustments for estimated obsolete or excess inventory. Cost is based on actual cost on a first-in first-out basis. Raw materials that will be used in production in the next twelve months are recorded in inventory. The provisions for obsolete or excess inventory are based on estimated forecasted usage of inventories. A significant change in demand for certain products as compared to forecasted amounts may result in recording additional provisions for obsolete inventory. Provisions for obsolete or excess inventory are recorded as cost of goods sold and totaled \$1.2 million and \$1.0 million for the years ended December 31, 2025 and 2024, respectively.

Fixed assets

Fixed assets are recorded at cost less accumulated depreciation and are depreciated on the declining balance basis over the estimated useful lives of the assets as follows:

Asset	Rate
Equipment	20% to 30%
Vehicles and office and computer equipment	30%

Impairment of long-lived assets

Long-lived assets, which include fixed assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Long-lived assets are grouped at the lowest level for which there are identifiable cash flows when evaluating for impairment. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

For the years ended December 31, 2025, and 2024, the Company recorded no impairment loss related to these assets.

Foreign currency translation

The functional currency of our Canadian subsidiary is the Canadian dollar. We translate assets and liabilities related to these operations to U.S. dollars at the exchange rate in effect at the date of the consolidated balance sheet; we convert revenues and expenses into U.S. dollars using the average monthly exchange rates. Translation gains and losses are reported as a separate component of accumulated other comprehensive income. Transaction gains and losses arising from the transactions denominated in a currency other than the functional currency are included in other expense, net in the accompanying consolidated statements of operations.

Revenue recognition

The Company recognizes revenue under Accounting Standards Codification (“ASC”) (Topic 606): Revenue from Contracts with Customers, (“ASC 606”). The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods and services transferred to the customer. The following five steps are applied to achieve that core principle:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the company satisfies a performance obligation

See Note 16, Segment information, for information on revenue disaggregated by geographic area.

Because the Company’s agreements have an expected duration of one year or less, the Company has elected the practical expedient in ASC 606-10-50-14(a) to not disclose information about its remaining performance obligations.

Our contracts have a single performance obligation which is satisfied at the point in time when the customer has title and the significant risks and rewards of ownership of the product. Title and the significant risk and rewards of ownership are deemed to transfer when products are loaded onto a truck for shipment or Free on Board (“FOB”) shipping point. The Company primarily receives fixed consideration for sales of product, subject to adjustment as described below. Shipping and handling amounts paid by customers are primarily for online orders, and are included in revenue, and totaled approximately \$0.4 million and \$0.1 million for the years ended December 31, 2025 and 2024, respectively. Sales tax and other similar taxes are excluded from revenue.

Revenue is recorded net of provisions for discounts, slotting fees payable by us to retailers to stock our products and promotion allowances. Discounts, slotting fees and promotional allowances vary the consideration the Company is entitled to in exchange for the sale of products to distributors. The Company estimates these discounts, slotting fees and promotional allowances in the same period that the revenue is recognized for product sales to customers. These estimates are based on contract terms and our historical experience with similar programs and require management judgement with respect to estimating customer participation and performance levels. Differences between estimated expense and actual costs are normally insignificant and are recognized in earnings in the period such differences are determined. The amount of revenue recognized represents the amount that will not be subject to a significant future reversal of revenue. The liability for promotional allowances is included in accrued expenses on the consolidated balance sheets. Amounts paid for slotting fees are recorded as prepaid expenses on the consolidated balance sheets and amortized over the corresponding term. For the years ended December 31, 2025 and 2024, our revenue was reduced by approximately \$2.7 million and \$4.3 million, respectively, for slotting fees and promotion allowances.

All sales to distributors and customers are generally final. In limited instances we may accept returned product due to quality issues or distributor terminations, and in such situations we would have variable consideration. The Company's customers generally pay within 30 days from the receipt of a valid invoice. The Company offers prompt pay discounts of up to 2% to certain customers typically for payments made within 15 days. Prompt pay discounts are recorded as a deduction to revenues in the accompanying consolidated statements of operations. As of December 31, 2025 and 2024, prompt pay discounts to these certain customers were considered immaterial to the related accounts receivable balances presented on the accompanying consolidated balance sheets.

Advertising costs

Advertising costs, including promotions and sponsorships, are expensed as incurred. For the years ended December 31, 2025, and 2024, we incurred advertising costs of \$0.7 million and \$1.2 million, respectively.

Stock-Based Compensation Expense

The Company recognizes stock-based compensation expense within the operating expenses in the Consolidated Statements of Operations related to the fair value of employee stock-based awards ratably over the vesting period and only for awards expected to vest. Estimated forfeiture rates are based on historical data and are periodically reassessed.

Compensation cost is based on the grant-date fair value. The fair value of RSUs is determined based on the number of units granted and the grant date price of common stock.

Income taxes

We account for income taxes by recognizing the amount of taxes payable for the current year and deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. We perform periodic evaluations of recorded tax assets and liabilities and maintain a valuation allowance, if considered necessary based on whether they are more likely than not to be realized. The determination of taxes payable for the current year includes estimates. We believe that we have appropriate support for the income tax positions taken, and to be taken, on our tax returns and that our accruals for tax liabilities are adequate for all open years based on an assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. No reserves for an uncertain income tax position have been recorded for the years ended December 31, 2025 or 2024.

The Company recognizes accrued interest and penalties related to uncertain tax positions, if any, as income tax expense. The Company's tax returns for the years ended December 31, 2021 through 2025 remain subject to examination by their major tax jurisdictions.

Net loss per share

Basic net loss per share is computed using the weighted average number of common shares outstanding during the periods. Diluted earnings per share is computed by adjusting the weighted average number of common shares by the effective net exercise or conversion of all dilutive securities. Due to the net loss in 2025 and 2024, outstanding stock options amounting to 15,373,243 and 8,647,984, respectively, outstanding warrants of 6,945,400 and 5,945,400, respectively, and outstanding restricted share units of 553,439 and nil, respectively, were anti-dilutive.

Comprehensive loss

Comprehensive loss is comprised of net loss and translation adjustments. We do not provide income taxes on currency translation adjustments, as the historical earnings from our Canadian subsidiary is considered to be indefinitely reinvested.

Seasonality

Our sales are seasonal and we experience fluctuations in quarterly results as a result of many factors. We historically have generated a greater percentage of our revenues during the warm weather months of April through September. Sales may fluctuate materially on a quarter to quarter basis or an annual basis when we launch a new product or fill the “pipeline” of a new distribution partner or a large retail partner. Sales results may also fluctuate based on the number of SKUs selected or removed by our distributors and retail partners through the normal course of serving consumers in the dynamic, trend-oriented beverage industry. As a result, management believes that period-to-period comparisons of results of operations are not necessarily meaningful and should not be relied upon as any indication of future performance or results expected for the fiscal year.

Recently Adopted Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09: Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This guidance requires entities to provide more detailed disclosures about income tax expenses (or benefits), including components of the expense (or benefit) and the nature of significant reconciling items. Entities must also disclose information about unrecognized tax benefits, including a tabular reconciliation of beginning and ending balances of unrecognized tax benefits, and details about valuation allowances, including the nature and amount of valuation allowances recorded and released during the period. The guidance is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. The adoption of ASU 2023-09 did not have a material impact on the Company’s consolidated financial statements.

In March 2024, the FASB issued ASU 2024-01: Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards. This update provides guidance on the scope application of profits interest and similar awards under Topic 718. The amendments improve clarity and understanding of paragraph 718-10-15-3, aiding entities in determining whether a profits interest award should be accounted for as a share-based payment arrangement or similar to a cash bonus or profit-sharing arrangement. For public business entities, the amendments are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. The adoption of ASU 2024-01 did not have a material impact on the Company’s consolidated financial statements.

Recent Accounting Guidance Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03: Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40). This update requires entities to disaggregate income statement expenses. The guidance is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of the updated standard on our consolidated financial statements and disclosures.

In December 2024, the FASB issued Accounting Standards Update (ASU) 2024-04, Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments. This update provides guidance on accounting for induced conversions of convertible debt instruments, clarifying the criteria for determining whether settlements should be accounted for as an induced conversion. The amendments specify that an inducement offer must provide the debt holder with consideration meeting or exceeding the conversion privileges outlined in the instrument’s original terms. Additionally, the update addresses convertible debt instruments that are not currently convertible but included substantive conversion features at issuance and at the time of the inducement. The guidance is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years. Early adoption is permitted for entities that have adopted ASU 2020-06. We are currently evaluating the impact of adopting this guidance on our consolidated financial statements and disclosures.

2. Discontinued Operations

As disclosed in Note 1, on June 19, 2025 (the “Date of Disposition”), the Company entered into the SPA to sell of all issued and outstanding equity interests in its cannabis beverage subsidiaries (the “Cannabis Subsidiaries”) pursuant to a share purchase agreement, as amended, with MJ Reg and discontinued the Cannabis-Derived (THC) Beverage. Subsequent to the transaction, the Company’s former VP of Operations was appointed as the CEO of MJ Reg.

As disclosed in Note 1, on June 19, 2025 (the “Date of Disposition”), the Company entered into the SPA with its cannabis beverage subsidiaries (the “Cannabis Subsidiaries”) and the MJ Reg pursuant to which, on the Date of Disposition, the MJ Reg purchased all of the issued and outstanding shares of the Cannabis Subsidiaries from the Company for the Share Purchase Price of \$3.0 million promissory notes and inventory for approximately \$0.06 million as set forth in the SPA (the “Sale Transaction”). The Share Purchase Price was paid as follows:

- A \$3.0 million promissory note, payable as follows:
 - \$0.5 million at the Date of Disposition (received);
 - \$0.5 million due on June 27, 2025 (received);
 - \$0.5 million due on June 19, 2026;
 - \$0.75 million due on June 19, 2027; and
 - \$0.75 million due on June 19, 2028.

The promissory note accrues interest at the lower of 3% per annum and the lowest amount permitted by law; provided, however, if MJ Reg satisfies its obligations under the promissory note, in full, pursuant to the terms thereof, any interest accrued pursuant to the promissory note shall be waived. Notwithstanding the foregoing, upon the occurrence of an Event of Default (as defined in the promissory note), the outstanding principal amount of the promissory note together with any accrued and unpaid interest thereon shall accrue interest at a rate of 10% per annum. The promissory note shall mature upon the earlier of (i) June 19, 2028 and (ii) in the event of prepayment of the promissory note, the date that the principal amount of the promissory note together with the interest accrued thereon is paid in full by MJ Reg.

On June 19, 2025 (the “License Effective Date”), in connection with the SPA, the Company entered into a trademark license agreement (the “License Agreement”) with MJ Holdings pursuant to which the Company granted MJ Holdings an exclusive, freely-usable and non-transferable, fully sublicensable license to use the Licensed IP (as defined in the License Agreement) during the term of such agreement in connection with the manufacture, sale, distribution, advertising, and promotion of all current and future products (the “Licensed Products”) each consisting of a mutually agreed upon composition, formula, recipe, flavor necessary for the Licensed Products and labeling, container size, and packaging, as applicable, to be made available by MJ Holdings for sale on-site at MJ Holdings’ places of business and/or by means of other distributors of MJ Holdings globally, including in any country or jurisdiction where the sale, marketing, and distribution of the Licensed Products is lawful. Pursuant to the License Agreement, MJ Holdings shall retain the exclusive right to any consumable product containing an emulsion derived from the cannabis plant with a THC concentration greater than 0.3% by dry weight and any Licensed IP in connection therewith. Furthermore, MJ Holdings shall own all Licensee Modified Formulas (as defined in the License Agreement) and such Licensee Modified Formulas may be incorporated and/or otherwise used in connection with a Licensed Product during the term of such agreement and at any time thereafter; provided, however, the Company shall be entitled to license the Licensee Modified Formulas on mutually agreeable terms and conditions. Notwithstanding the foregoing, the Company shall maintain exclusive rights to products containing Hemp (as defined in the SPA). Pursuant to the License Agreement, MJ Holdings shall pay the Company \$0.15 million on the one year anniversary of the License Effective Date and \$0.255 million on each subsequent anniversary of the License Effective Date (the “Licensing Fee”). The Licensing Fee shall be fixed and non-adjustable during the term of the License.

Pursuant to ASC 820, the Company utilized its weighted average cost of capital (WACC) of 11.6% to discount future cash flows and determined the fair values as follows:

- Promissory Note: \$2.59 million
- Licensing Agreement: \$1.70 million

Transaction costs incurred in connection with the disposition totaled \$0.05 million. The gain on disposal of subsidiaries was calculated as follows:

Carrying value (in thousands) of net assets of the Cannabis Subsidiaries		
Cash	\$	3
Accounts receivable		233
Inventories		157
Other assets		22
Accounts payable		(117)
		298
Total consideration received, net of transaction costs		
Cash		61
Fair value of Promissory Note		2,591
Fair value of Licensing Agreement		1,696
Less: Transaction costs		(173)
		4,175
Gain on disposition	\$	3,877

Following is the breakdown of the gain (loss) from discontinued operations:

	Year ended December 31,			
	2025		2024	
Net Revenue	\$	498	\$	1,362
Cost of goods sold		(78)		(947)
Gross profit		420		415
Operating expenses:				
Selling and marketing		424		528
General and administrative		27		54
Total operating expenses		(451)		582
Gain (Loss) from discontinued operations		(31)		(167)
Other income (expenses):				
Interest income		-		5
Other income (expense), net		-		11
Total other income		-		16
Tax expenses		(60)		-
Net income (loss) from discontinued operations	\$	(91)	\$	(151)

3. Note receivable

As disclosed in Note 2, in connection with the Sale Transaction, the Company issued a promissory note with an aggregate principal amount of \$3.0 million. The note is payable in five installments as follows:

- \$0.5 million at the Date of Disposition (received);
- \$0.5 million due on June 27, 2025 (received);
- \$0.5 million due on June 19, 2026;
- \$0.75 million due on June 19, 2027; and
- \$0.75 million due on June 19, 2028.

The promissory note accrues interest at the lower of 3% per annum and the lowest amount permitted by law; provided, however, if MJ Reg satisfies its obligations under the promissory note, in full, pursuant to the terms thereof, any interest accrued pursuant to the promissory note shall be waived. Notwithstanding the foregoing, upon the occurrence of an Event of Default (as defined in the promissory note), the outstanding principal amount of the promissory note together with any accrued and unpaid interest thereon shall accrue interest at a rate of 10% per annum. The promissory note shall mature upon the earlier of (i) June 19, 2028 and (ii) in the event of prepayment of the promissory note, the date that the principal amount of the promissory note together with the interest accrued thereon is paid in full by MJ Reg.

In accordance with ASC 820, the Company applied its weighted average cost of capital of 11.6% to discount the future cash flows associated with the note and determined the initial fair value to be \$2.59 million. The resulting discount is being amortized over the term of the note using the effective interest method.

For the year ended December 31, 2025, the Company recognized \$0.09 million in finance income related to the amortization of the discount.

As of December 31, 2025, the carrying value of the promissory note was \$1.68 million, of which \$0.50 million was classified as current.

On January 16, 2026, the Company entered into an Assignment and Assumption of Debt Agreement with Two Shores Capital Corp. ("Two Shores") and MJ Reg. Pursuant to the agreement, the Company assigned to Two Shores all of its rights, title, and interest in the promissory note with an outstanding principal balance of \$2.0 million.

As consideration for the assignment, the Company received cash proceeds of \$1.4 million. Upon execution of the agreement, the Company transferred to Two Shores all rights and obligations associated with the promissory note, including the right to receive all future payments. MJ Reg. consented to the assignment and confirmed that the outstanding principal amount of the promissory note was \$2.0 million as of January 16, 2026.

In connection with the transaction, the Company issued to Two Shores 550,000 common stock warrants. Each warrant is exercisable for one share of the Company's common stock at an exercise price of \$0.40 per share and expires on January 16, 2029.

As a result of the assignment, the Company reduced the carrying amount of the note receivable to \$1.4 million as of December 31, 2025 and recognized a loss on sale of receivables of \$0.28 million.

4. Licensing fees receivable

As disclosed in Note 2, in connection with the Sale Transaction, the Company entered into the License Agreement with MJ Holdings pursuant to which the Company granted MJ Holdings an exclusive, freely-usable and non-transferable, fully sublicensable license to use the Licensed IP (as defined in the License Agreement) during the term of such agreement in connection with the manufacture, sale, distribution, advertising, and promotion of all current and future products (the “Licensed Products”) each consisting of a mutually agreed upon composition, formula, recipe, flavor necessary for the Licensed Products and labeling, container size, and packaging, as applicable, to be made available by MJ Holdings for sale on-site at MJ Holdings’ places of business and/or by means of other distributors of MJ Holdings globally, including in any country or jurisdiction where the sale, marketing, and distribution of the Licensed Products is lawful. Pursuant to the License Agreement, MJ Holdings shall retain the exclusive right to any consumable product containing an emulsion derived from the cannabis plant with a THC concentration greater than 0.3% by dry weight and any Licensed IP in connection therewith. Furthermore, MJ Holdings shall own all Licensee Modified Formulas (as defined in the License Agreement) and such Licensee Modified Formulas may be incorporated and/or otherwise used in connection with a Licensed Product during the term of such agreement and at any time thereafter; provided, however, the Company shall be entitled to license the Licensee Modified Formulas on mutually agreeable terms and conditions. Notwithstanding the foregoing, the Company shall maintain exclusive rights to products containing Hemp (as defined in the SPA). Pursuant to the License Agreement, MJ Holdings shall pay the Company \$0.15 million on the one-year anniversary of the License Effective Date and \$0.255 million on each subsequent anniversary of the License Effective Date (the “Licensing Fee”). The Licensing Fee shall be fixed and non-adjustable during the term of the License.

In accordance with ASC 820, the Company utilized its weighted average cost of capital of 11.6% to discount the expected future cash flows associated with the Licensing Fee and determined the initial fair value of the License Agreement to be \$1.70 million. The resulting discount is being amortized over the term of the License Agreement using the effective interest method.

For the year ended December 31, 2025, the Company recognized \$0.08 million in licensing revenue and \$0.01 million in finance income related to the amortization of the discount.

As of December 31, 2025, the carrying value of the License Agreement receivable was \$1.8 million, of which \$0.15 million was classified as current.

5. Inventory

Inventory consisted of the following as of December 31 (in thousands):

	2025	2024
Finished goods	\$ 1,923	\$ 2,198
Raw materials	734	1,166
	<u>\$ 2,657</u>	<u>\$ 3,364</u>

Finished goods primarily include product ready for shipment, as well as promotional merchandise held for sale. Raw materials primarily include ingredients, concentrate and packaging.

6. Fixed Assets, net

Fixed assets, net consisted of the following as of December 31 (in thousands):

	2025	2024
Vehicles	\$ -	\$ 65
Equipment	642	203
Office and computer equipment	262	262
	904	530
Accumulated depreciation	(583)	(422)
	<u>\$ 321</u>	<u>\$ 108</u>

Depreciation expense was \$0.2 million and \$0.06 million, for the years ended December 31, 2025 and 2024, respectively. Depreciation expense is primarily associated with the Company's equipment and vehicles.

The Company disposed a vehicle with a proceed of \$0.01 million and recorded a loss of disposal of \$0.01 during the year ended December 31, 2025. No gain or loss on disposal was recognized during the year ended December 31, 2024.

7. Accrued Expenses

Accrued expenses consisted of the following as of December 31 (in thousands):

	2025	2024
Employee benefits	\$ 387	\$ 220
Goods and services tax	29	155
Legal settlement	-	135
Sales and marketing	2,262	1,309
Other accruals	1,282	645
	<u>\$ 3,960</u>	<u>\$ 2,464</u>

8. Revolving Credit Facility and Loans

During the year ended December 31, 2024, the Company entered into a Revolving Financing and Assignment Agreement (the "RFAA") which provides a revolving credit facility up to an amount of \$2,000,000 (the "Total Credit Facility") with an interest rate equal to the prime rate plus 3.50% per annum, with a floor rate of 6.00%. This facility is intended to meet the working capital needs and general corporate purposes of the Company.

Under the RFAA, the Company may draw up to 80% of the face amount of eligible accounts receivable. The Company is required to pay a commitment fee of 1.00% of the Total Credit Facility annually, and a collateral management fee of 0.15% is assessed monthly on the Total Credit Facility.

The RFAA will expire under the following conditions: (a) 36 months from the initial funding date, or (b) 30 days following the execution of legal documents if the initial funding has not occurred, or (c) May 31, 2024, if neither condition (a) nor (b) applies. The agreement will automatically renew for additional 36-month periods unless terminated by either party with a minimum of 60 days' prior written notice.

The RFAA includes financial covenant requiring the Company to maintain net assets, excluding intangible assets and amounts outstanding under the RFAA, in excess of \$3.5 million. As of December 31, 2024, the Company was not in compliance with this financial covenant.

The revolving credit facility is secured by a continuing security interest in the Company's personal property and fixtures, including accounts receivable, inventory, equipment, and intellectual property.

On February 24, 2025, the Company made a payment of \$0.1 million to fully repay the Total Credit Facility and formally terminated the RFAA. Following this payment, the Company was released from any further liabilities under the terms of the RFAA.

As of December 31, 2025, the balance of the RFAA was \$nil (December 31, 2024 – \$0.3 million).

On February 5, 2025, the Company, through its Subsidiary, entered into a Loan Agreement with Two Shores (the “2Shores Loan Agreement”), pursuant to which the Subsidiary may borrow up to an aggregate maximum amount of \$5.0 million which was amended to \$10.0 million, subject to the satisfaction of certain conditions. On December 1, 2025, the Loan Agreement was amended to increase the maximum borrowing capacity to \$10.0 million. Advances under the Loan Agreement bear interest at a rate of 13.75% per annum. All present and future obligations of the Subsidiary under the Loan Agreement are secured by a first-priority security interest in all assets of the Company, the Subsidiary, and the Company’s other U.S. subsidiaries. As of December 31, 2025, the outstanding balance under the Loan Agreement, including accrued interest, was approximately \$3.02 million. The Company is obligated to provide periodic financial reporting, reporting of its inventory and accounts receivable listings, maintenance of its subsidiaries in good legal standing, maintenance of its insurance policies and payments of its tax obligations.

In connection with the Loan Agreement with Two Shores Capital Corp., the Company issued total 1,000,000 warrants to Two Shores Capital Corp., exercisable at a price of \$0.45 per share for a period of three years from the date of issuance. The Company estimated the fair value of the warrants at \$65,215 on the issuance date. This amount was recognized as finance costs in the consolidated statements of operations. The valuation of the warrants was performed using the Black-Scholes option pricing model, applying the following weighted-average assumptions:

• Stock price	\$0.20
• Risk free interest rate	3.91%
• Expected volatility	79%
• Expected life (in years)	3
• Expected dividend	nil

As of December 31, 2025, the balance of the 2Shores Loan Agreement was \$3 million (December 31, 2024 – \$nil).

9. Promissory Notes

On May 2, 2025, the Company entered into a Promissory Note (the “Note”) with the Chairman of the Board of the Company (the “Lender”) for a principal amount of \$0.45 million. The Note carries a fixed interest rate of 12% per annum and is payable monthly in arrears. The principal, together with accrued interest, is due and payable in full by October 10, 2025.

In addition to the principal and interest payments, the Company is required to pay a loan origination fee of \$22,000, which is due on the date of maturity. The Note permits the Company to make prepayments without penalty, provided there is no default in payment obligations.

During the year ended December 31, 2025, the Company recognized interest expense of \$0.02 million and repaid \$0.30 million on the Notes.

As of December 31, 2025, the outstanding balance of the Notes was \$0.2 million (December 31, 2024 – \$nil), which was fully settled subsequent to December 31, 2025.

10. Insurance Premium Financing

During the year ended December 31, 2025, the Company entered into various one-year financing agreements to fund a portion of its insurance premiums totaling \$0.2 million, payable through monthly installments. The applicable interest rates ranged from 6.49% to 8.99%, and the agreements did not contain any financial or non-financial covenants.

On November 15, 2024, the Company entered into a separate one-year financing agreement with IPFS Corporation to fund insurance premiums of \$0.2 million. Repayments were scheduled quarterly on January 15, 2025, April 15, 2025, and July 15, 2025, at which time the financing was fully repaid. The agreement bore interest at 8.99% and did not include any covenants.

As of December 31, 2025 and 2024, the outstanding balance related to insurance premium financing was \$0.2 million.

11. Membership Agreement Obligation

On September 1, 2022, the Company entered into a membership and licensing agreement with Saltbox Inc. that provides the Company with access to a shared office ("Suite") and warehouse facility located in Seattle, Washington. The agreement is structured as a revocable license granting access to the Suite and warehouse space. The relationship between Saltbox Inc. and the Company is that of licensor and licensee only, and not landlord-tenant or lessor-lessee. The agreement does not convey any right, title, interest, easement, or lien in Saltbox Inc.'s business, the Suite, the premises, or any related assets, and is not considered a lease for accounting purposes. Accordingly, no lease liability or right-of-use asset has been recognized in connection with this arrangement.

The initial term of the agreement was one year and required 12 monthly payments of \$8,000. Upon expiration of the initial term, the Company elected to renew the arrangement on a month-to-month basis at a monthly fee of \$9,000. On February 28, 2025, the Company provided notice of its intent to terminate the month-to-month arrangement after identifying lower-cost facilities.

12. Shareholders' Equity

Private Placement

The Company issued 7,535,000 units ("Units") on July 26, 2024, 1,600,000 Units on July 31, 2024, and 1,875,000 Units on August 21, 2024, for total net proceeds of \$3.6 million. Each Unit is composed of: (i) one common share in the capital of the Company (each, a "Common Share"); and (ii) one-half of one detachable share purchase warrant (each whole warrant, a "Warrant"). Each whole Warrant is exercisable into one Common Share (each, a "Warrant Share") at a price of \$0.50 per Warrant Share for a period of 24 months from the date of issuance. The Company has the right to accelerate the expiry date of the Warrants to the date that is 30 days following delivery of a notice of acceleration to holders of Warrants if, at any time, the closing price of the Common Shares exceeds \$0.80 for five consecutive trading days. The Warrants were classified as equity, and the Company recorded their fair value of \$1 million as part of common shares.

In connection with the offering, the Company paid Dominari Securities LLC ("Dominari") an aggregate of \$166,158 in cash commission, representing 4.0% of the aggregate gross proceeds raised in the offering, and issued Dominari an aggregate of 440,400 warrants as compensation for Dominari's services (the "Broker's Warrants"). For accounting purposes, the Company estimated the fair value of the Broker's Warrants at the grant date to be \$0.1 million, utilizing the Black-Scholes option pricing model. The assumptions used in the model included a risk-free interest rate of 3.81%, an expected life of 2 years, an expected volatility of 76%, and an expected dividend yield of 0%. The amount was recognized as share issuance costs.

Omnibus Equity Incentive Plan

On March 15, 2022, our Board adopted the 2022 Plan, which became effective upon approval by our shareholders on May 16, 2022. Under the 2022 Plan, the sum of (i) 10,000,000 shares of the Company's common stock, plus (ii) the number of shares of common stock reserved, but unissued under the 2011 Plan, plus (iii) the number of shares of common stock underlying forfeited awards under the 2011 Plan are initially available for issuance of awards under the 2022 Plan. Additionally, the number of shares of the Company's common stock available reserved under the 2022 Plan is subject to an annual increase on the first day of each calendar year beginning with the first January 1 following the effective date of the 2022 Plan and ending with the last January 1 during the initial ten-year term of the 2022 Plan, equal to the lesser of (A) 4% of the shares of the Company's common stock outstanding (which shall include shares issuable upon the exercise or conversion of all outstanding securities or rights convertible into or exercisable for shares, including without limitation, preferred stock, warrants and employee options to purchase any shares) on the final day of the immediately preceding calendar year and (B) such lesser number of shares of common stock as determined by our Board. The Company may grant incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock units and other stock-based awards to participants to acquire shares of Company common stock under the 2022 Plan. The 2022 Plan will be administered by the plan administrator (as defined in the 2022 Plan).

The Board may grant awards to employees, officers, directors, consultants, agents, advisors, and independent contractors. Stock options are issued at the closing price on the grant date and generally have a ten-year term. As of December 31, 2025, 2,056,158 shares remained available for future awards under the Plan.

a. Stock options:

A summary of our stock option activity for the years ended December 31, 2025 and 2024 is as follows:

	Outstanding Options			
	2025		2024	
	Number of Shares	Weighted Average Exercise Price (Per Share)	Number of Shares	Weighted Average Exercise Price (Per Share)
Opening	8,647,984	\$ 0.26	11,407,772	\$ 0.26
Granted	8,995,000	0.24	1,200,000	0.25
Exercised	-	-	(136,250)	0.27
Cancelled	(1,929,741)	0.24	-	-
Forfeited / Expired	(340,000)	0.23	(3,823,538)	0.25
Closing	15,373,243	\$ 0.25	8,647,984	\$ 0.26
Exercisable	5,426,951	\$ 0.27	5,963,812	\$ 0.27

The following table summarizes information about stock options outstanding and exercisable under our stock incentive plans as of December 31, 2025:

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price Per Share	Number Exercisable	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price Per Share
\$0.165 to \$0.25	8,260,379	8.53	0.19	2,327,004	6.74	0.21
\$0.251 to \$0.40	6,486,290	8.31	0.29	2,486,290	7.04	0.27
\$0.401 to \$0.55	437,500	5.29	0.49	425,520	5.26	0.49
\$0.551 to \$0.70	189,074	5.69	0.62	188,137	5.69	0.62
	15,373,243	8.31	0.25	5,426,951	6.73	0.27

b. Restricted stock awards:

Beginning May 13, 2022, the Company's Board of Directors determined that restricted stock units (RSUs) would be awarded as equity compensation for non-employee directors, replacing stock options, based on the recommendation of the Compensation and Governance Committee. RSUs vest incrementally per the award agreement, with certain awards vesting immediately upon a "Change in Control" as defined in the 2022 Plan.

Previously, from January 1, 2020, through February 15, 2022, non-employee directors received annual non-qualified stock option grants, which vested on the first anniversary of the grant date, subject to continued service. Grants were determined by dividing \$25,000 by the closing share price on the grant date. New directors joining the Board before February 15, 2022, received prorated stock option awards under similar terms. Stock option and RSU awards were governed by the 2011 Plan (prior to the 2022 Plan) and respective grant agreements.

On December 30, 2022, the Company entered into rescission agreements with certain non-employee directors and its Chief Executive Officer and President, rescinding and canceling all RSUs granted during 2022, including shares issued upon RSU vesting in August 2022, without consideration.

On July 16, 2025, the Company granted 2,213,765 RSUs to members of its Board of Directors. The aggregate grant-date fair value of the RSUs was \$0.4 million, determined in accordance with ASC 718, Compensation—Stock Compensation. Under the terms of the award, 50% of the RSUs vested immediately upon grant. The remaining 50% are scheduled to vest in equal installments on September 30, 2025 and December 31, 2025, subject to continued service.

During the year ended December 31, 2025, the Company issued 2,359,819 common shares to settle the vested RSUs.

As of December 31, 2025 and 2024, the Company had 553,439 and 699,493 vested RSUs outstanding, respectively. No RSUs remained unvested as of either December 31, 2025 or December 31, 2024.

A summary of our 2025 and 2024 restricted stock units activity is as follows:

	2025			2024		
	Number of Units	Weighted- Average Grant Date Fair Value per share	Weighted- Average Contractual Life (years)	Number of Units	Weighted- Average Grant Date Fair Value per share	Weighted- Average Contractual Life (years)
Opening, Unvested Restricted Stock Units	-	\$ -	-	600,000	\$ 0.26	9.1
Granted	2,213,765	0.18	-	2,797,959	0.14	-
Vested	(2,213,765)	(0.18)	-	(3,397,959)	(0.16)	-
Closing, Unvested Restricted Stock Units	-	\$ -	-	-	\$ -	-

Subsequent to December 31, 2025, the Company issued 553,439 common shares to settle the vested RSUs.

c. Stock-based compensation expense:

Stock-based compensation expense is recognized using the straight-line attribution method over the employees' requisite service period. We recognize compensation expense for only the portion of stock options or restricted stock expected to vest. Therefore, we apply estimated forfeiture rates that are derived from historical employee termination behavior. If the actual number of forfeitures differs from those estimated by management, additional adjustments to stock-based compensation expense may be required in future periods.

As of December 31, 2025 and 2024, the Company had unrecognized compensation expense related to stock options of \$1.2 million and \$0.5 million, respectively, and related to RSUs of \$nil and \$nil, respectively. These amounts are expected to be recognized over the remaining vesting periods.

The following table summarizes the stock-based compensation expense (in thousands):

	2025	2024
Stock options	\$ 547	\$ 537
Restricted stock	400	541
	<u>\$ 947</u>	<u>\$ 1,078</u>
Consolidated Statements of Operations account:		
Selling and marketing	\$ 152	\$ -
General and administrative	795	1,078
	<u>\$ 947</u>	<u>\$ 1,078</u>

We employ the following key weighted-average assumptions in determining the fair value of stock options, using the Black-Scholes option pricing model and the simplified method to estimate the expected term of "plain vanilla" options:

	2025	2024
Expected dividend yield	-	-
Expected stock price volatility	74.98% to 80.30%	85.90% to 89.60%
Risk-free interest rate	4.1% to 4.6%	4.20% to 4.30%
Expected term (in years)	10	5.80 to 6.50
Weighted-average grant date fair-value	\$ 0.15 to 0.22	\$ 0.17 to 0.20

During the year ended December 31, 2025 and 2024, no material modifications were made to outstanding stock options.

As of December 31, 2025, and December 31, 2024, the aggregate intrinsic value of stock options outstanding was \$0.8 million and \$0.01 million, respectively. For stock options exercisable, the aggregate intrinsic value as of December 31, 2025, and December 31, 2024 was also \$0.24 million and \$0.01 million, respectively. The intrinsic value of both outstanding and exercisable stock options is determined as the difference between the quoted market price of the Company's stock at the balance sheet date and the exercise price of the option.

The total intrinsic value of options exercised during the years ended December 31, 2025, and December 31, 2024, was \$nil and \$0.02 million, respectively. During these periods, the number of options exercised totalled nil and 136,250, respectively. The Company maintains a policy of issuing new shares upon the exercise of stock options.

d. Warrants

Closing of the Pinestar Gold Inc. - Plan of Arrangement:

On February 15, 2022, Jones issued an aggregate of 20,000,048 Jones Shares in connection with the completion of the Plan of Arrangement whereby the outstanding Pinestar Shares were exchanged for newly issued Jones Shares on a one-for-one basis. The Plan of Arrangement had previously been approved by both Pinestar's shareholders as well as by the Supreme Court of British Columbia after such court held a hearing on the fairness of the terms and conditions of the Plan of Arrangement at which all Pinestar shareholders had the right to appear.

In connection with the Plan of Arrangement, Pinestar completed the Pinestar Subscription Receipt Offering for aggregate net proceeds of \$7,152,000, at a price per subscription receipt equal to \$0.50. As part of the closing of the Plan of Arrangement, each such subscription receipt automatically converted into one Pinestar Share and one new common share purchase warrant of Pinestar, which were then immediately exchanged for Jones Shares and Jones Special Warrants, respectively, in accordance with a 1:1 exchange ratio.

The issuance of Jones Shares to the holders of Pinestar Shares (including Pinestar Shares received upon the conversion of the subscription receipts issued in the Pinestar Subscription Receipt Offering) in the Plan of Arrangement was exempt from the registration requirements under the United States Securities Act of 1933, as amended (the "Securities Act") pursuant to Section 3(a)(10) of the Securities Act, which exempts from the registration requirements under the Securities Act any securities that are issued in exchange for one or more bona fide outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear, by any court expressly authorized by law to grant such approval.

During the year ended December 31, 2024, Pinestar Warrants in the amount of 974,808 were exercised at the exercise price of \$0.06 CAD, for total proceeds of \$44,000. As of December 31, 2024, there were no warrants outstanding.

Others:

As discussed in Note 8, during the year ended December 31, 2025, in connection with the Loan Agreement with Two Shores Capital Corp., the Company issued 1,000,000 warrants to Two Shores Capital Corp., exercisable at a price of \$0.45 per share for a period of three years from the date of issuance.

During the year ended December 31, 2024, the Company issued 5,505,000 warrants, each with an exercise price of \$0.50 per warrant, exercisable for a period of 24 months from the issuance date. Additionally, 440,400 broker's warrants were issued in connection with private placements completed during the year ended December 31, 2024.

As discussed in Note 3, on January 16, 2026, in connection with the Assignment and Assumption of Debt Agreement, the Company issued to Two Shores 550,000 common stock warrants, each exercisable for one share of the Company's common stock at an exercise price of \$0.40 per share and expiring on January 16, 2029.

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

Expiry Date	Number Outstanding	Remaining Contractual Life (Years)	Exercise Price Per Share (in dollar)	Number Exercisable
July 26, 2026	3,767,500	0.57	\$ 0.50	3,767,500
July 31, 2026	800,000	0.58	0.50	800,000
August 21, 2026	1,377,900	0.64	0.50	1,377,900
May 30, 2028	750,000	2.41	0.45	750,000
August 5, 2028	250,000	2.60	0.45	250,000
	6,945,400			6,945,400

13. Employee 401(k) Plan

We have a 401(k) plan whereby eligible employees who have completed at least one hour of service per month in three consecutive months of employment may enroll. Employees can elect to contribute up to 100% of their eligible compensation to the 401(k) plan subject to Internal Revenue Service's limitations. As currently established, we are not required to make any contributions to the 401(k) plan. During the years ended December 31, 2025 and 2024 we did accrue and fund our employees' 401(k) accounts in 2025 and 2024 for matching contributions in the amount of \$33,284 and \$32,000, respectively.

14. Commitments and Contingencies

Commitments

As of December 31, 2025, we continue to have commitments to various suppliers of raw materials. Purchase obligations under these commitments are expected to total \$8.7 million.

Legal proceedings

The California Department of Public Health ("CDPH") issued a cease-and-desist letter to the sale and distribution of Mary Jones hemp infused sodas in California through Jones Soda's wholly owned subsidiary Mary Jones Michigan, LLC. The state alleged that the Company's products violated California law by failing to properly label the products and that the products contained hemp-derived THC isolate, which they did not. The Company disputed the CDPH position, however, it voluntarily agreed to cease distribution of its hemp infused soda in California. While CDPH requested additional information from the Company regarding the status of the recall for distributed products, the action appeared to be resolved by September 2024. In April 2025, shortly before the statute of limitations expired for any further action by CDPH relating to Mary Jones sodas, CDPH filed a Complaint, and on June 27, 2025, the CDPH filed an amended complaint, in Los Angeles Superior Court naming Jones Soda and other businesses who were involved in the sale of infused soda in California in the spring of 2024. On December 17, 2025, the California Department of Public Health filed a "Notice of Entry of Dismissal and Proof of Service" and we are waiting for the Judge to grant the dismissal.

The Company has been served with a lawsuit by a supplier on August 11, 2025 concerning an alleged breach of contract and unjust enrichment in the amount of \$342,373. The Company intends to file a counterclaim against the plaintiff for an amount in excess of the damages alleged in the complaint. The Company filed a motion to dismiss and on October 27, 2025, the United States Central District Court of California, the Court dismissed the action without prejudice.

We are or may be involved from time to time in various claims and legal actions arising in the ordinary course of business, including proceedings involving employee claims, contract disputes, product liability, other general liability claims and government and regulatory actions, as well as trademark, copyright, and related claims and legal actions. In the opinion of our management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

15. Income Taxes

The provision for income taxes consisted of the following for the years ended December 31 (in thousands):

	2025	2024
Current		
State	\$ 3	\$ 3
Foreign	5	22
Provision for income taxes	\$ 8	\$ 25

Loss before income taxes was as follows for the years ended December 31 (in thousands):

	2025	2024
United States	\$ (1,540)	\$ (9,598)
Foreign	(140)	(121)
Total	\$ (1,680)	\$ (9,719)

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	2025	2024
Federal statutory rate	21%	21%
Effect of:		
Permanent differences	18.13	(0.14)
Foreign taxes	0.23	-
Stock Compensation	-	(2.33)
True up	(4.98)	-
State income taxes, net of federal benefit	9.16	3.71
Change in valuation allowance	(42.97)	(24.19)
Other, net	(1.11)	1.52
Provision for income taxes	(0.54)%	(0.43)%

Deferred income taxes reflect the 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. Significant components of our deferred income taxes were as follows (in thousands):

	2025	2024
Federal and state net operating loss carryforwards	\$ 19,621	\$ 18,965
Stock-based compensation	408	303
Other, net	297	336
Total deferred tax asset	20,326	19,604
Valuation allowance	(20,326)	(19,604)
Net deferred tax asset	\$ -	\$ -

We continue to experience significant losses in our U.S. operations that are material to our decision to maintain a full valuation allowance against our net U.S. deferred tax assets. This is due to the fact that the relevant accounting guidance puts more weight on the negative objective evidence of cumulative losses in recent years than the positive subjective evidence of future projections of pretax income. For the years ended December 31, 2025 and December 31, 2024, the valuation allowance increased by \$0.7, and \$0.5, respectively.

We continually analyze the realizability of our deferred tax assets, but we reasonably expect to continue to record a full valuation allowance on future U.S tax benefits until we sustain an appropriate level of taxable income through improved U.S. operations and tax planning strategies.

At December 31, 2025, we had net operating loss carryforwards for federal and state income tax purposes of \$54,865,311 and \$21,438,990 respectively, which expire at various times commencing 2026. We also had net operating loss carryforwards for federal and state income tax purposes of \$28,433,173, and \$3,094,477 respectively, that may be carried forward indefinitely. Net operating loss carryforwards may be subject to certain limitations under Section 382 of the Internal Revenue code.

There are no uncertain tax positions to recognize as of December 31, 2025 and 2024.

We are no longer subject to U.S. Federal examination for tax years ending before 2021, to state examinations before 2020, or to foreign examinations before 2020.

However, to the extent allowed by law, the tax authorities may have the right to examine prior periods where net operating losses or tax credits were generated and carried forward and make adjustments up to the amount of the net operating losses or credit carryforward. As of December 31, 2025, we were not under examination by a tax authority. The net operating losses for prior years are subject to adjustment under examination to the extent they remain unutilized in an open year.

16. Segment Information

Subsequent to the disposition of the Cannabis-Derived (THC) Beverages segment, the Company's only operating and reportable segment is beverages. This segment includes both Jones Soda's traditional craft sodas, known for their unique flavors, pure cane sugar formulation, and consumer-driven branding as well as our modern soda's such as Pop Jones, Fiesta Jones and hemp derived products such as HD9. The products are distributed through various channels, including retail stores, foodservice outlets, and direct-to-consumer platforms.

The Chief Operating Decision Maker ("CODM") of the Company, who is also the Chief Executive Officer ("CEO"), is responsible for evaluating the performance of the Company's operations. The evaluation focuses primarily on key financial metrics such as net operating revenues and operating income (loss). Based on this consolidated approach to assessing performance and allocating resources, the Company does not present additional segment information in its financial disclosures.

Furthermore, in accordance with ASC 280, the Company provides the following entity-wide disclosures for the year ended December 31, 2025 and 2024:

Net Sales by Geographic Location: The breakdown of the Company's net sales by geographic location are as follows:

(in thousands)	For the year ended	
	December 31, 2025	December 31, 2024
Segment Results – Net sales		
United States	\$ 22,473	\$ 14,713
Canada	2,830	3,080
Total	\$ 25,303	\$ 17,793

Net sales generated in the United States accounted for 89% and 83% of total revenue during the year ended December 31, 2025, and 2024, respectively.

Income (loss) from Operations by Geographic Location: The breakdown of the Company's income (loss) from operations by geographic location is as follows:

(in thousands)	For the year ended	
	December 31, 2025	December 31, 2024
Segment Results – Income (loss) from continuing operations		
United States	\$ (1,662)	\$ (9,606)
Canada	(26)	(138)
Total	\$ (1,688)	\$ (9,744)

Long-Lived Assets: All of the Company's long-lived assets are located in the United States.

17. Related party Transactions

As discussed in Note 9, on May 2, 2025, the Company issued the Note to the Chairman of the Board in the principal amount of \$0.45 million. The note bears interest at a fixed rate of 12% per annum, with interest payable monthly in arrears. The principal balance, together with any accrued but unpaid interest, is due and payable in full on October 10, 2025.

18. Subsequent Events

Subsequent to December 31, 2025:

As discussed in Note 3, on January 16, 2026, the Company entered into an Assignment and Assumption of Debt Agreement with Two Shores Capital Corp. ("Two Shores") and MJ Reg. Under the agreement, the Company assigned to Two Shores all of its rights, title, and interest in a promissory note with an outstanding principal balance of \$2.0 million in exchange for cash consideration of \$1.4 million. In connection with the transaction, the Company issued to Two Shores 550,000 common stock warrants, each exercisable for one share of the Company's common stock at an exercise price of \$0.40 per share and expiring on January 16, 2029.

As discussed in Note 9, the Company fully settled the Notes for total consideration of \$0.2 million.

As discussed in Note 12, the Company issued 553,439 common shares to settle the vested RSUs.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Control and Procedures

We maintain disclosure controls and procedures (as such terms are defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that the information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Interim Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management, under the supervision and with the participation of our Chief Executive Officer and Principal Financial Officer evaluated the effectiveness and design of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of December 31, 2025. Based on that evaluation, our Chief Executive Officer and Interim Chief Financial Officer concluded that these disclosure controls and procedures were effective as of December 31, 2025.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f) promulgated under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles; (iii) provide reasonable assurance that our receipts and expenditures are made in accordance with management authorization; and (iv) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting, however well designed and operated can provide only reasonable, and not absolute, assurance that the controls will prevent or detect misstatements. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only the reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.

Management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our internal control over financial reporting as of December 31, 2025, based on the framework in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the COSO framework, management concluded that, as of such date, our internal controls over financial reporting were effective as of the end of the period covered by this Annual Report on Form 10-K.

This Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Additionally, management's report was not subject to attestation by our registered public accounting firm pursuant to the permanent exemption from Section 404(b) of the Sarbanes-Oxley Act of 2002 for non-accelerated filers.

ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2025, none of our directors or executive officers adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” as such terms are defined under Item 408 of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III
ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information regarding our Code of Ethics is included in Item 1 of Part I, and that information is incorporated by reference herein.

The other information called for by Part III, Item 10, will be included in our proxy statement relating to our 2025 Annual Meeting of Shareholders (our “2026 Proxy Statement”), and is incorporated herein by reference to the sections captioned “Nominees,” “Compliance with Section 16(a),” “Board Meetings and Committees,” “Audit Committee,” “Director Nomination Process,” and “Executive Officers.” This information is expected to be filed within 120 days of December 31, 2025, our fiscal year end.

ITEM 11. EXECUTIVE COMPENSATION.

Information called for by Part III, Item 11, will be included in our 2025 Proxy Statement, and is incorporated herein by reference to the sections captioned “Executive Compensation” and “Director Compensation.” Our 2026 Proxy Statement is expected to be filed within 120 days of December 31, 2025, our fiscal year end.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS.

Certain information called for by Part III, Item 12, will be included in our 2026 Proxy Statement, and is incorporated herein by reference to the section captioned “Security Ownership of Certain Beneficial Owners And Management.” Our 2026 Proxy Statement is expected to be filed within 120 days of December 31, 2025, our fiscal year end.

Equity Compensation Plan Information

The following table gives information as of December 31, 2025, the end of the most recently completed fiscal year, about shares of common stock that may be issued pursuant to currently outstanding stock options granted under Jones Soda Co. 2011 Incentive Plan, as well as shares of common stock issuable pursuant to awards granted under the Jones Soda Co. 2022 Omnibus Equity Incentive Plan.

Plan Category	(a) No. of Shares to be Issued Upon Exercise or Vesting of Outstanding Stock Options, RSUs	(b) Weighted Average Exercise Price of Outstanding Stock Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities (a))
Equity Compensation Plans Approved by Shareholders	11,407,772	\$ 0.33	2,056,158
Equity Compensation Plans Not Approved by Shareholders	N/A	N/A	N/A
TOTAL	11,407,772	\$ 0.33	2,056,158

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information called for by Part III, Item 13, will be included in our 2025 Proxy Statement, and is incorporated herein by reference to the sections captioned “Transactions with Related Persons” and “Independence of Board of Directors.” Our 2025 Proxy Statement is expected to be filed within 120 days of December 31, 2025, our fiscal year end.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES.*

Information called for by Part III, Item 14, will be included in our 2026 Proxy Statement, and is incorporated herein by reference to the sections captioned “Policy for Approval of Audit and Permitted Non-Audit Services” and “Audit and Audit-Related Fees.” Our 2026 Proxy Statement is expected to be filed within 120 days of December 31, 2025, our fiscal year end.

PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.*

(a) Documents filed as part of this Report are as follows:

- 1) Financial Statements: The consolidated financial statements, related notes and report of independent registered public accounting firm are included in Item 8 of Part II of this Report.
- 2) Financial Statement Schedules: All schedules have been omitted because they are not applicable or not required, or the required information is included in the financial statements or notes thereto.
- 3) Exhibits: The required exhibits are included at the end of this Report and are described in the exhibit index.

ITEM 16. *10-K SUMMARY*

Not applicable.

EXHIBIT INDEX

The following exhibits are filed as part of this Annual Report on Form 10-K or are incorporated herein by reference. Where an exhibit is incorporated by reference, the document to which it is cross referenced is made.

3.1	Articles of Incorporation of Jones Soda Co. (Previously filed as, and incorporated herein by reference to, Exhibit 3.1 to our annual report on Form 10-KSB for the fiscal year ended December 31, 2000, filed on March 30, 2001; File No. 333-75913).
3.2	Amended and Restated Bylaws of Jones Soda Co. (Previously filed with, and incorporated herein by reference to, Exhibit 3.1 to our quarterly report on Form 10-Q, filed on November 8, 2013; File No. 000-28820).
3.3	Articles of Amendment to Articles of Incorporation of Jones Soda Co. dated May 16, 2022. (Previously filed with, and incorporated herein by reference to, Exhibit 3.3 to our registration statement on Form S-1, filed on June 14, 2022; File No. 333-265598).
4.1	Description of Registrant's Securities (filed herewith).
4.2	Form of Registration Rights Agreement (Previously filed with, and incorporated herein by reference to, Exhibit 10.3 to our current report on Form 8-K, filed on March 27, 2018; File No. 000-28820).
4.3	Registration Rights Agreement dated July 14, 2021 between Jones Soda Co. and SOL Verano Blocker 1 LLC (Previously filed with, and incorporated herein by reference to, Exhibit 10.2 to our Current Report on Form 8-K, filed on July 20, 2021; File No. 000-28820).
4.4	Registration Rights Agreement dated February 9, 2022 between Jones Soda Co. and the holders of the Contingent Convertible Debentures (Previously filed with, and incorporated herein by reference to, Exhibit 10.2 to our Current Report on Form 8-K, filed on February 15, 2022; File No. 000-28820).
4.5	Form of Registration Rights Agreement (Previously filed with, and incorporated herein by reference to, Exhibit 10.1 to our Current Report on Form 8-K, filed on August 1, 2024; File No. 000-28820).
4.6	Form of Non-Transferable Warrant to Purchase Common Shares of Jones Soda Co. (Previously filed with, and incorporated herein by reference to, Exhibit 4.1 to our Current Report on Form 8-K, filed on August 1, 2024; File No. 000-28820).
10.1	Recission Agreement dated December 30, 2022, between Jones Soda Co. and Mark Murray (Previously filed with, and incorporated herein by reference to, Exhibit 10.1 to our current report on Form 8-K, filed on January 6, 2023; File No. 000-28820).
10.2	Release of Claims Agreement dated June 8, 2023, between the Company and Mark Murray (Previously filed with, and incorporated herein by reference to, Exhibit 10.1 to our current report on Form 8-K, filed on June 13, 2023; File No. 000-28820).
10.3	Employment Agreement dated February 5, 2025, between the Company and Scott Harvey (Previously filed with, and incorporated herein by reference to, Exhibit 10.1 to our current report on Form 8-K, filed on February 13, 2025; File No. 000-28820).
10.4	Employment Agreement dated February 12, 2025, between the Company and Brian Meadows (Previously filed with, and incorporated herein by reference to, Exhibit 10.2 to our current report on Form 8-K, filed on February 13, 2025; File No. 000-28820).
10.5	Jones Soda Co. 2011 Incentive Plan. (Previously filed with, and incorporated herein by reference to, Annex A to our Definitive Proxy Statement on Schedule 14A, filed on April 12, 2011, File No. 000-28820).
10.6	Jones Soda Co. 2022 Omnibus Equity Incentive Plan (Previously filed with, and incorporated herein by reference to, Annex B to our Definitive Proxy Statement on Schedule 14A, filed on April 1, 2022, File No. 000-28820).
10.7	Form of Restricted Stock Unit Award Agreement under the Jones Soda Co. 2022 Omnibus Equity Incentive Plan (Previously filed with, and incorporated herein by reference to Exhibit 10.7 on our Annual Report on Form 10-K, filed on April 1, 2024, File No. 000-28820).
10.8	Form of Stock Option Award Agreement under the Jones Soda Co. 2022 Omnibus Equity Incentive Plan (Previously filed with, and incorporated herein by reference to Exhibit 10.8 on our Annual Report on Form 10-K, filed on April 1, 2024, File No. 000-28820).
10.9	Employment Agreement dated October 23, 2023, between Jones Soda Co. and Jerry Goldner (Previously filed with, and incorporated herein by reference to Exhibit 10.9 on our Annual Report on Form 10-K, filed on April 1, 2024, File No. 000-28820).
10.10	Loan Agreement between Jones Soda Co. (USA) Inc. and Two Shores Capital Corp. dated February 6, 2025 (Previously filed with, and incorporated herein by reference to, Exhibit 10.1 to our quarterly report on Form 10-Q, filed on May 15, 2025; File No. 000-28820).
10.11	Amendment to Loan Agreement between Jones Soda Co. and Two Shores Capital Corp. dated December 1, 2025.
10.12	Revolving Credit Note between Jones Soda Co. and Two Shores Capital Corp. dated February 19, 2025
10.13	Amendment to Revolving Credit Note between Jones Soda Co. and Two Shores Capital Corp. dated December 1, 2025.
10.14#	Securities Purchase Agreement dated June 19, 2025, by and among Jones Soda Co., Mary Jones Holdings, Inc., Mary Jones Beverage (Canada) Inc., and MJ Reg Disruptors, LLC (Previously filed with, and incorporated herein by reference to, Exhibit 10.1 to our current report on Form 8-K, filed on June 30, 2025; File No. 000-28820).
10.15	Amendment to Securities Purchase Agreement dated June 19, 2025, by and among Jones Soda Co., Mary Jones Holdings, Inc., Mary Jones Beverage (Canada) Inc., and MJ Reg Disruptors, LLC (Previously filed with, and incorporated herein by reference to, Exhibit 10.2 to our current report on Form 8-K, filed on June 30, 2025; File No. 000-28820).
10.16+	Trademark License Agreement dated June 19, 2025, by and between the Company and Mary Jones Holdings, Inc. (Previously filed with, and incorporated herein by reference to, Exhibit 10.3 to our current report on Form 8-K, filed on June 30, 2025; File No. 000-28820).
10.17	Consent, Release and Termination dated June 19, 2025, by and between the Company and Two Shores Capital Corp. (Previously filed with, and incorporated herein by reference to, Exhibit 10.5 to our current report on Form 8-K, filed on June 30, 2025; File No. 000-28820).
10.18*	Employment Offer Letter by the Company to Gabe Carimi dated February 27, 2024 (Previously filed with, and incorporated herein by reference to Exhibit 10.10 to our Amendment No. 1 to our Annual Report on Form 10-K, filed on May 1, 2025, File No. 000-28820).
10.19*	Separation Agreement and General Release dated June 13, 2025, by and between the Company and Gabe Carimi (Previously filed with, and incorporated herein by reference to, Exhibit 10.4 to our current report on Form 8-K, filed on June 30, 2025; File No. 000-28820).
16.1	Letter from Armanino LLP (Previously filed with, and incorporated herein by reference to, Exhibit 16.1 to our current report on Form 8-K, filed on July 18, 2023; File No. 000-28820).
19.1**	Insider Trading Policy (Previously filed with, and incorporated by reference to, Exhibit 19.1 to our amendment to annual report on Form 10-K/A, filed on May 1, 2025; File No. 000-28820).
21.1**	Subsidiaries of the Registrant (Filed herewith).
23.1**	Consent of Davidson & Company LLP (Filed herewith).
31.1**	Certification by Scott Harvey, Chief Executive Officer, pursuant to Rule 13a-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith).
31.2**	Certification by Brian Meadows, Chief Financial Officer, pursuant to Rule 13a-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith).
32.1***	Certification by Scott Harvey, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Filed herewith).
32.2***	Certification by Brian Meadows, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Filed herewith).
101.INS**	Inline XBRL Instance Document.
101.SCH**	Inline XBRL Taxonomy Extension Schema Document.
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement.

** Filed Herewith.

*** Furnished Herewith

+ Certain portions of this exhibit (indicated by asterisks) have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish supplementally a copy of any omitted schedule or exhibit to the Securities and Exchange Commission upon request. The Company may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedules or exhibits so furnished.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

March 31, 2026

JONES SODA CO.

By: /s/ Brian Meadows
Chief Financial Officer

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints Scott Harvey and Brian Meadows and each of them, with full power of substitution and resubstitution and full power to act without the other, as his true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file, any and all amendments to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacities	Date
<u>/s/ SCOTT HARVEY</u> Scott Harvey	President and Chief Executive Officer (Principal Executive Officer)	March 31, 2026
<u>/s/ BRIAN MEADOWS</u> Brian Meadows	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 31, 2026
<u>/s/ RONALD DISSINGER</u> Ronald Dissinger	Director	March 31, 2026
<u>/s/ PAUL NORMAN</u> Paul Norman	Chairman of the Board, Director	March 31, 2026
<u>/s/ CLIVE SIRKIN</u> Clive Sirkin	Director	March 31, 2026
<u>/s/ GREGG REICHMAN</u> Gregg Reichman	Director	March 31, 2026
<u>/s/ MARK MURRAY</u> Mark Murray	Director	March 31, 2026
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DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following description of our common stock is a summary and does not purport to be complete. It is subject to, and qualified in its entirety by reference to, our Articles of Incorporation, as amended and Amended and Restated Bylaws ("Bylaws"), each of which have been filed with the Securities and Exchange Commission. This description also summarizes relevant provisions of Washington law. We encourage you to read our Articles of Incorporation, Bylaws and the applicable provisions of Washington law for additional information.

General

Our authorized capital stock consists of 800,000,000 shares of common stock, without par value.

Common Stock

All outstanding shares of common stock are of the same class and have equal rights and attributes. The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of shareholders of the Company. All shareholders are entitled to share equally in all dividends, if any, as may be declared from time to time by our board of directors out of funds legally available. In the event of liquidation, the holders of our common stock are entitled to share ratably in all assets remaining after payment of all liabilities. The shareholders do not have cumulative voting or preemptive rights. Our common stock currently trades on the OTCQB Marketplace under the symbol "JSDA" and on the Canadian Securities Exchange under the symbol "JSDA." Our transfer agent and registrar for our common stock is Odyssey Trust Company. The transfer agent's and registrar's address is United Kingdom Building, 350 – 409 Granville Street Vancouver BC V6C 1T2.

Antitakeover Effects of Certain Provisions of our Articles of Incorporation, Bylaws and Washington Law

Certain provisions of our Articles of Incorporation, Bylaws and Washington law may discourage, delay or prevent a change in the control of us or a change in our management, even if doing so would be beneficial to our shareholders. The existence of these anti-takeover provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock.

Shareholder Meetings; Quorum. Our Bylaws provide that our shareholders may call a special meeting only upon the request of holders of at least 10% of the votes entitled to be cast on any matter proposed for consideration at such special meeting. Additionally, our president or our board of directors may call special meetings of shareholders. Except as required by law, a quorum at any annual or special meeting of shareholders consists of the presence of at least 33 1/3% of the shares entitled to be cast by each voting group.

Unanimous Written Consent of Shareholders. Washington law limits the ability of shareholders to act by written consent by requiring unanimous written consent for shareholder action to be effective. This limit may lengthen the amount of time required to take shareholder actions and would effectively prevent the amendment of our Articles of Incorporation and Bylaws and the removal of directors by our shareholders without holding a meeting of shareholders.

Requirements for Advance Notification of Shareholder Nominations. Our Bylaws contain advance notice procedures with respect to the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee thereof. The existence of these advance notification provisions may make it more difficult for a third party to acquire, or may discourage a third party from acquiring, control of our board of directors.

Washington Anti-Takeover Statute. Washington law imposes restrictions on certain transactions between a corporation and certain significant shareholders. Chapter 23B.19 of the Washington Business Corporation Act generally prohibits a “target corporation” from engaging in certain significant business transactions with an “acquiring person,” which is defined as a person or group of persons that beneficially owns 10% or more of the voting securities of the target corporation, for a period of five years after the date the acquiring person first became a 10% beneficial owner of the voting securities of the target corporation, unless the business transaction or the acquisition of shares is approved by a majority of the members of the target corporation’s board of directors prior to the time the acquiring person first became a 10% beneficial owner of the target corporation’s voting securities. Such prohibited transactions include, among other things:

- a merger or consolidation with, disposition of assets to, or issuance or redemption of stock to or from, the acquiring person;
- termination of 5% or more of the employees of the target corporation as a result of the acquiring person’s acquisition of 10% or more of the shares; or
- receipt by the acquiring person of any disproportionate benefit as a shareholder.

After the five-year period, a “significant business transaction” may occur if it complies with “fair price” provisions specified in the statute. A corporation may not “opt out” of this statute. We expect the existence of this provision to have an antitakeover effect with respect to transactions that our board of directors does not approve in advance and may discourage takeover attempts that might result in the payment of a premium over the market price for common stock held by shareholders or otherwise might benefit shareholders.

AMENDMENT TO LOAN AGREEMENT

This AMENDMENT TO LOAN AGREEMENT (this “*Amendment*”) is made effective as of this 17th day of November 2025, by and between TWO SHORES CAPITAL CORP. (the “*Lender*”) and Jones Soda Co. (USA) Inc. (the “*Borrower*”).

WITNESSETH:

WHEREAS, reference is made to that certain Loan Agreement executed between Lender and Borrower dated February 6, 2025, (the “*Agreement*”);

WHEREAS, Lender and Borrower now desire to amend the Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the above premises, the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The above recitals are hereby incorporated into this Amendment as if fully set forth herein.
2. The following definitions set forth in Schedule I to the Agreement is hereby amended to now read in its entirety as follows:

“**Revolving Loan Cap**” means \$10,000,000.00

3. Effect of Amendment. Lender and Borrower each acknowledge and agree that this Amendment is not to be construed as a waiver of any term, condition or provision of the Agreement except as expressly provided for by this Amendment. Except as expressly provided for by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect, without any modification whatsoever.
4. Entire Agreement. Except as otherwise expressly set forth herein, this Amendment and the Agreement embody the complete agreement and understanding among the parties with respect to the subject matter hereof and thereof and supersedes and preempts any prior understandings, agreements or representations by or among such parties, written or oral, which may have related to the subject matter hereof in any way.
5. Severability. In the event that any provision of this Amendment is held to be illegal, invalid or unenforceable by any court of competent jurisdiction, or to be invalid under, under applicable law, the remaining provisions of this Amendment will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision and will be interpreted so as to effect, as closely as possible, the intent of the parties hereto.
6. Counterparts. This Amendment may be executed in any number of counterparts, including counterparts transmitted by facsimile, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

{signature page to follow}

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

LENDER:

TWO SHORES CAPITAL CORP.

By:  DocuSigned by:
0A907D00BDE6642A...
Name: Sean Rosas
Title: CEO

BORROWER:

JONES SODA CO. (USA) INC.

By:  Signed by:
10055A1409745A...
Name: Brian Meadows
Title: CFO

REVOLVING CREDIT NOTE

\$5,000,000

February 19, 2025

FOR VALUE RECEIVED, Jones Soda Co. (USA) Inc., a Washington State corporation (the “**Borrower**”), unconditionally promises to pay to the order of Two Shores Capital Corp., a Province of Ontario, Canada corporation (“**Lender**”), at 302-1210 Sheppard Ave., Toronto, ON M2K 1E3 or at such other place as the Lender may designate in writing, on the Termination Date, the principal amount of up to \$5,000,000 (the “**Loan**”), together with all accrued interest thereon as provided in this Revolving Credit Note (as the same may be amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms, the “**Note**”).

1. Definitions. In addition to terms defined herein and in the Loan Agreement (as defined below), capitalized terms used herein shall have the following meanings.

“**Applicable Rate**” means 13.75% per annum.

“**Default Rate**” means, at any time, the Applicable Rate plus 3.0%.

“**Interest Payment Date**” means the last day of each month commencing on the first such date to occur after the execution of this Note.

“**Loan Agreement**” means the Loan Agreement, dated as of the date hereof, by and between the Borrower and Lender, as the same may be amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms.

“**Security Agreement**” means the Security Agreement, dated as of the date hereof, by and among the Borrower, the Guarantors and the Lender, as the same may be amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms.

2. Loan Agreement and Security Agreement. The Borrower’s performance of its obligations under this Note is governed by the terms and conditions set forth in the Loan Agreement and the Security Agreement.

3. Payments.

3.1. Manner of Payments. All payments of interest and principal shall be made in lawful money of the United States of America. Payments may be made via discretionary Advances under Revolving Credit Loan or via ACH or by wire transfer of immediately available funds to the Lender’s account as specified by the Lender in writing to the Borrower from time to time.

3.2. Application of Payments. All payments made hereunder shall be applied *first* to the payment of any fees or charges outstanding hereunder, *second* to accrued interest, and *third* to the payment of the principal amount outstanding under the Note.

3.3. Prepayment. In the event Borrower terminates the Loan Agreement and repays the obligations under this Note in full prior to the Termination Date, Borrower shall also pay to Lender as an early exit fee (the “**Exit Fee**”) as liquidated damages and not as a penalty, an amount equal to 2.0% of the Revolving Loan Cap, plus any fees which are due or to become due under the Loan Agreement.

4. Interest.

4.1. Interest Rate. The outstanding principal amount of the Loan shall bear interest at the Applicable Rate, or if applicable the Default Rate, from the date the Loan is made until the Loan is paid in full. Interest on the Loan shall be payable monthly as of the last day of each calendar month. In no event shall interest exceed the maximum legal rate permitted by law.

4.2. Computations of Interest. All computations of interest shall be made on the basis of 365 or 366 days, as the case may be, and the actual number of days elapsed. Interest shall accrue on the Loan on the day on which the Loan is made, and shall not accrue on the Loan for the day on which it is paid.

4.3. Interest Rate Limitation. If at any time and for any reason whatsoever, the interest rate payable on the Loan shall exceed the maximum rate of interest permitted to be charged by the Lender to the Borrower under applicable Law, such interest rate shall be reduced automatically to the maximum rate of interest permitted to be charged under applicable Law/that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest permitted by applicable Law shall be deemed a voluntary prepayment of principal.

5. Miscellaneous.

5.1. Notices.

(a) All notices, requests, or other communications required or permitted to be delivered hereunder shall be delivered in writing at the addresses set forth in this Note or such other address as either the Borrower or the Lender may from time to time specify in writing.

(b) Notices if (i) mailed by certified or registered mail or sent by hand or overnight courier service shall be deemed to have been given when received; (ii) sent by facsimile during the recipient's normal business hours shall be deemed to have been given when sent (and if sent after normal business hours shall be deemed to have been given at the opening of the recipient's business on the next business day); and (iii) sent by email shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email, or other written acknowledgment).

5.2. Costs and Expenses. The Borrower shall reimburse the Lender on demand for all reasonable out-of-pocket costs, expenses, and fees (including reasonable expenses and fees of its counsel) incurred by the Lender in connection with the transactions contemplated hereby including the negotiation, documentation, and execution of this Note, the Loan Agreement, the Security Agreement and the enforcement of the Lender's rights hereunder and thereunder.

5.3. Governing Law. This Note, the Loan Agreement, the Security Agreement and any claim, controversy, dispute, or cause of action (whether in contract or tort or otherwise) based upon, arising out of, or relating to this Note, the Loan Agreement and the Security Agreement, and the transactions contemplated hereby and thereby shall be governed by the laws of the State of New York.

5.4. Submission to Jurisdiction.

(a) The Borrower hereby irrevocably and unconditionally (i) agrees that any legal action, suit, or proceeding arising out of or relating to this Note, the Loan Agreement or the Security Agreement may be brought in the courts of the Borough of Manhattan, State of New York or of the United States District Court of the Southern District of New York and (ii) submits to the exclusive jurisdiction of any such court in any such action, suit, or proceeding. Final judgment

against Borrower in any action, suit, or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment.

(b) Nothing in this Section 5.4 shall affect the right of the Lender to (i) commence legal proceedings or otherwise sue the Borrower in any other court having jurisdiction over the Borrower or (ii) serve process upon the Borrower in any manner authorized by the laws of any such jurisdiction.

5.5. Waiver of Jury Trial. BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE, THE LOAN AGREEMENT, THE SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY.

5.6. Integration. This Note, the Loan Agreement and the Security Agreement, and the documents referenced therein, constitute the entire contract between the parties hereto with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto.

5.7. Successors and Assigns. The Borrower may not assign or transfer this Note or any of its rights hereunder without the prior written consent of the Lender. This Note shall inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns.

5.8. Amendment and Waiver. No term of this Note may be waived, modified or amended except by an instrument in writing signed by both of the parties hereto. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

5.9. Headings. The headings of the various Sections and subsections herein are for reference only and shall not define, modify, expand or limit any of the terms or provisions hereof.

5.10. No Waiver: Cumulative Remedies. No failure to exercise and no delay in exercising on the part of the Lender, of any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

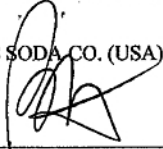
5.11. Electronic Execution. The words "execution," "signed," "signature," and words of similar import in this Note shall be deemed to include electronic or digital signatures or electronic records, each of which shall be of the same effect, validity, and enforceability as manually executed signatures or a paper-based record-keeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 U.S.C. §§ 7001 to 7031), the Uniform Electronic Transactions Act (UETA), or any state law based on the UETA, including the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301 to 309).

5.12. Severability. If any term or provision of this Note, the Loan Agreement or the Security Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note, the Loan Agreement or the Security Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties

hereto shall negotiate in good faith to modify this Note so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

IN WITNESS WHEREOF, the Borrower has executed this Note as of the date first above written.

JONES SODA CO. (USA) INC.

By: 

Name: Brian Meadows

Title: Chief Financial Officer

[Signature Page to Revolving Credit Note]

**AMENDED AND RESTATED
REVOLVING CREDIT NOTE**

\$10,000,000

November 17, 2025

FOR VALUE RECEIVED, Jones Soda Co. (USA) Inc., a Washington State corporation (the “**Borrower**”), unconditionally promises to pay to the order of Two Shores Capital Corp., a Province of Ontario, Canada corporation (“**Lender**”), at 302-1210 Sheppard Ave., Toronto, ON M2K 1E3 or at such other place as the Lender may designate in writing, on the Termination Date, the principal amount of up to \$10,000,000 (the “**Loan**”), together with all accrued interest thereon as provided in this Amended and Restated Revolving Credit Note (as the same may be amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms, the “**Note**”).

1. **Definitions.** In addition to terms defined herein and in the Loan Agreement (as defined below), capitalized terms used herein shall have the following meanings.

“**Applicable Rate**” means 13.75% per annum.

“**Default Rate**” means, at any time, the Applicable Rate plus 3.0%.

“**Interest Payment Date**” means the last day of each month commencing on the first such date to occur after the execution of this Note.

“**Loan Agreement**” means the Loan Agreement, dated February 6, 2025, by and between the Borrower and Lender, as the same may be amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms.

“**Security Agreement**” means the Security Agreement, dated February 6, 2025, by and among the Borrower, the Guarantors and the Lender, as the same may be amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms.

2. **Loan Agreement and Security Agreement.** The Borrower’s performance of its obligations under this Note is governed by the terms and conditions set forth in the Loan Agreement and the Security Agreement.

3. **Payments.**

3.1. **Manner of Payments.** All payments of interest and principal shall be made in lawful money of the United States of America. Payments may be made via discretionary Advances under Revolving Credit Loan or via ACH or by wire transfer of immediately available funds to the Lender’s account as specified by the Lender in writing to the Borrower from time to time.

3.2. **Application of Payments.** All payments made hereunder shall be applied *first* to the payment of any fees or charges outstanding hereunder, *second* to accrued interest, and *third* to the payment of the principal amount outstanding under the Note.

3.3. **Prepayment.** In the event Borrower terminates the Loan Agreement and repays the obligations under this Note in full prior to the Termination Date, Borrower shall also pay to Lender as an early exit fee (the “**Exit Fee**”) as liquidated damages and not as a penalty, an amount equal to 2.0% of the Revolving Loan Cap, plus any fees which are due or to become due under the Loan Agreement.

4. Interest.

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4.2. Computations of Interest. All computations of interest shall be made on the basis of 365 or 366 days, as the case may be, and the actual number of days elapsed. Interest shall accrue on the Loan on the day on which the Loan is made, and shall not accrue on the Loan for the day on which it is paid.

4.3. Interest Rate Limitation. If at any time and for any reason whatsoever, the interest rate payable on the Loan shall exceed the maximum rate of interest permitted to be charged by the Lender to the Borrower under applicable Law, such interest rate shall be reduced automatically to the maximum rate of interest permitted to be charged under applicable Law/that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest permitted by applicable Law shall be deemed a voluntary prepayment of principal.

5. Miscellaneous.

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(a) All notices, requests, or other communications required or permitted to be delivered hereunder shall be delivered in writing at the addresses set forth in this Note or such other address as either the Borrower or the Lender may from time to time specify in writing.

(b) Notices if (i) mailed by certified or registered mail or sent by hand or overnight courier service shall be deemed to have been given when received; (ii) sent by facsimile during the recipient's normal business hours shall be deemed to have been given when sent (and if sent after normal business hours shall be deemed to have been given at the opening of the recipient's business on the next business day); and (iii) sent by email shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email, or other written acknowledgment).

5.2. Costs and Expenses. The Borrower shall reimburse the Lender on demand for all reasonable out-of-pocket costs, expenses, and fees (including reasonable expenses and fees of its counsel) incurred by the Lender in connection with the transactions contemplated hereby including the negotiation, documentation, and execution of this Note, the Loan Agreement, the Security Agreement and the enforcement of the Lender's rights hereunder and thereunder.

5.3. Governing Law. This Note, the Loan Agreement, the Security Agreement and any claim, controversy, dispute, or cause of action (whether in contract or tort or otherwise) based upon, arising out of, or relating to this Note, the Loan Agreement and the Security Agreement, and the transactions contemplated hereby and thereby shall be governed by the laws of the State of New York.

5.4. Submission to Jurisdiction.

(a) The Borrower hereby irrevocably and unconditionally (i) agrees that any legal action, suit, or proceeding arising out of or relating to this Note, the Loan Agreement or the Security Agreement may be brought in the courts of the Borough of Manhattan, State of New York

or of the United States District Court of the Southern District of New York and (ii) submits to the exclusive jurisdiction of any such court in any such action, suit, or proceeding. Final judgment against Borrower in any action, suit, or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment.

(b) Nothing in this Section 5.4 shall affect the right of the Lender to (i) commence legal proceedings or otherwise sue the Borrower in any other court having jurisdiction over the Borrower or (ii) serve process upon the Borrower in any manner authorized by the laws of any such jurisdiction.

5.5. Waiver of Jury Trial. BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE, THE LOAN AGREEMENT, THE SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY.

5.6. Integration. This Note, the Loan Agreement and the Security Agreement, and the documents referenced therein, constitute the entire contract between the parties hereto with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto.

5.7. Successors and Assigns. The Borrower may not assign or transfer this Note or any of its rights hereunder without the prior written consent of the Lender. This Note shall inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns.

5.8. Amendment and Waiver. No term of this Note may be waived, modified or amended except by an instrument in writing signed by both of the parties hereto. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

5.9. Headings. The headings of the various Sections and subsections herein are for reference only and shall not define, modify, expand or limit any of the terms or provisions hereof.

5.10. No Waiver: Cumulative Remedies. No failure to exercise and no delay in exercising on the part of the Lender, of any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

5.11. Electronic Execution. The words "execution," "signed," "signature," and words of similar import in this Note shall be deemed to include electronic or digital signatures or electronic records, each of which shall be of the same effect, validity, and enforceability as manually executed signatures or a paper-based record-keeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 U.S.C. §§ 7001 to 7031), the Uniform Electronic Transactions Act (UETA), or any state law based on the UETA, including the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301 to 309).

5.12. Severability. If any term or provision of this Note, the Loan Agreement or the Security Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note, the Loan Agreement or the

Security Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Note so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

IN WITNESS WHEREOF, the Borrower has executed this Note as of the date first above written.

JONES SODA CO. (USA) INC.

Signed by:

By: 10055A14409745A
Name: Brian Meadows
Title: CFO

SUBSIDIARIES OF JONES SODA CO.

- Jones Soda Co. (USA) Inc. - A wholly-owned subsidiary, incorporated in the State of Washington.
 - Jones Soda (Canada) Inc. - A wholly-owned subsidiary, incorporated in British Columbia.
 - Mary Jones Holdco 2, Inc. – A wholly-owned subsidiary, incorporated in the State of Delaware.
 - Mary Jones Michigan LLC - A wholly-owned subsidiary of Mary Jones Holdings, Inc., existing under the laws of the State of Michigan.
 - Pinestar Gold, Inc. - A wholly-owned subsidiary, incorporated in British Columbia.
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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement of Jones Soda Co. on Form S-1 (File No. 333-288519, 333-281770, 333-265598, 333-263641), Form S-1/A (File No. 333-225049), and on Form S-8 (File No. 333- 279232, 333-265133, and 333-233723) of our report dated March 31, 2026, with respect to our audit of the consolidated financial statements of Jones Soda Co. as of and for the year ended December 31, 2025, included in this Annual Report on Form 10-K of Jones Soda Co. for the year ended December 31, 2025.

/s/ DAVIDSON & COMPANY LLP

Chartered Professional Accountants

Vancouver, Canada

March 31, 2026

DAVIDSON & COMPANY LLP	1200 – 609 Granville Street PO BOX 10372, Pacific Centre Vancouver, BC V7Y 1G6	604 687 0947 davidson-co.com
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**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott Harvey, certify that:

1. I have reviewed this Annual Report on Form 10-K of Jones Soda Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2026

By: /s/ Scott Harvey

Scott Harvey
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian Meadows, certify that:

1. I have reviewed this Annual Report on Form 10-K of Jones Soda Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2026

By: /s/ Brian Meadows
Brian Meadows
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Jones Soda Co. (the "Company") on Form 10-K for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), I, Scott Harvey, Chief Executive Officer of the Company, certify that, to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

- (1) the Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2026

/s/ Scott Harvey

Scott Harvey
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Jones Soda Co. (the "Company") on Form 10-K for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), I, Brian Meadows, Chief Financial Officer of the Company, certify that, to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

- (1) the Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2026

/s/ Brian Meadows

Brian Meadows
Chief Financial Officer
(Principal Financial Officer)
