Red White & Bloom Brands Inc.

Unaudited Condensed Interim Consolidated

Financial Statements

For the three and six months ended June 30, 2026, and 2025

CSE: RWB

RED WHITE & BLOOM BRANDS, INC.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Red White & Bloom Brands Inc.:

Management is responsible for the preparation and presentation of the accompanying Unaudited Condensed Interim Consolidated Financial Statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required. In discharging its responsibilities for the integrity and fairness of the Unaudited Condensed Interim Consolidated Financial Statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the Unaudited Condensed Interim Consolidated Financial Statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

The Company's unaudited Condensed Interim Consolidated Financial Statements and audited Financial Statements for the relevant periods are available at www.sedarplus.ca ("Sedar+"). The Company remains fully committed to the accuracy, transparency, and integrity of its financial reporting and, to the best of its knowledge, has complied with all necessary revisions to its financial statements in accordance with IFRS and applicable audit standards.

August 31, 2026

/s/ *"Brad Rogers" Director*
/s/ *"Colby De Zen" Director*

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Red White & Bloom Brands Inc. (the "Company") for the three and six months ended June 30, 2026 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of Canadian Dollars, except number of shares and per share amounts)

	Notes	As at 30-Jun-26	As at 31-Dec-25
		$	$
Assets			
Current assets			
Cash and cash equivalents	7	5,278	4,567
Accounts receivable	8	13,473	8,317
Short-term notes receivable	9	31,900	31,659
Prepaid expenses	10	665	1,051
Deposits	11	9,644	7,605
Inventory	12	37,223	43,438
Biological assets	13	2,949	1,165
Assets held for Sale	14	3,168	6,202
Other current assets		635	296
Total current assets		**104,935**	**104,300**
Non-current assets			
Property, plant and equipment, net	15	23,239	40,894
Intangible assets, net	18	28,321	54,657
Right-of-use assets, net	19	1,303	17,749
Long-term notes receivables	9	18,190	5,789
Investments	18	3,357	3,357
Goodwill	19	765	-
Total non-current assets		**75,175**	**122,446**
Total assets		**180,110**	**226,746**
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	20	16,200	16,199
Short-term notes payable	21	136	39,365
Short-term convertible notes	21	-	51,572
Short-term lease obligations	17	305	955
Income taxes payable		5,492	13,564
Liabilities held for sale	14	12,459	11,538
Other current liabilities		1,866	762
Total current liabilities		**36,458**	**133,955**
Non-current liabilities			
Long-term notes payable	21	365,245	306,240
Long-term convertible notes	21	-	-
Long-term lease obligations	17	1,186	22,553
Deferred tax liability		4,405	4,842
Other non-current liabilities		14	124
Total non-current liabilities		**370,850**	**333,759**
Total liabilities		**407,308**	**467,714**
Shareholders' equity			
Share capital	22	342,124	342,124
Contributed surplus		17,419	17,402
Cumulative translation adjustment		(4,361)	(7,419)
Accumulated deficit		(582,381)	(579,508)
Non-controlling interest		-	(13,567)
Total shareholders' equity (deficit)		**(227,198)**	**(240,968)**
Total liabilities and shareholders' equity		**180,110**	**226,746**

Nature of operations and going concern (note 1)
Segmented results (note 29)
Subsequent events (note 33)
Contingencies and commitments and (note 28)

Approved by the Board
/s/ "Brad Rogers" Director
/s/ "Colby De Zen" Director

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

RED WHITE & BLOOM BRANDS, INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(In thousands of Canadian Dollars, except number of shares and per share amounts)

	Note	3-months ended 30-Jun-26	3-months ended 30-Jun-25	6-months ended 30-Jun-26	6-months ended 30-Jun-25
		$	$	$	$
Revenue					
Sales revenue	24	7,476	14,279	19,537	31,449
Cost of goods sold, before fair value adjustments	-	4,516	7,878	12,988	18,042
Gross Profit before fair market value adjustments		**2,960**	**6,401**	**6,549**	**13,407**
Unrealized changes in fair value of biological assets	13	(355)	17	(249)	(32)
Realized fair value amounts included in inventory sold	13	2,586	(2,722)	1,565	(5,140)
Gross profit after fair market value adjustments		**5,191**	**3,696**	**7,865**	**8,235**
Operating Expenses					
General and administration	25	3,902	5,663	7,859	10,997
Marketing expenses	-	2,166	1,276	3,417	2,626
Share-based compensation	22	7	22	18	43
Depreciation	15	196	68	359	161
Bad debt expense	8	2,064	578	1,289	1,184
Total Operating Expenses		**8,335**	**7,607**	**12,942**	**15,011**
Loss from operations before other expenses		**(3,144)**	**(3,911)**	**(5,077)**	**(6,776)**
Other expense (income)					
Interest earned on promissory notes	9	(702)	(861)	(1,381)	(1,585)
Interest income	-	(6)	-	(10)	(6)
Other income	-	(391)	(175)	(394)	(5,943)
Finance expense	21	9,892	7,705	19,165	15,226
Accreted interest, leases	17	-	48	-	99
Acquisition costs	6	311	14	311	19
Business transaction costs	-	440	19	605	59
(Gain) loss on disposal of assets	15	2,718	-	2,684	-
Gain on investments	18	-		-	340
Inventory adjustments	-	-	174	-	174
Foreign exchange	-	(2,640)	7,720	(4,015)	7,924
Total other expenses (income)		**9,622**	**14,644**	**16,965**	**16,307**
Profit (loss) before income taxes		**(12,766)**	**(18,555)**	**(22,042)**	**(23,083)**
Current income tax (expense) recovery	-	8,279	-	7,899	(2,025)
Deferred income tax (expense) recovery	-	(446)	304	(1,057)	413
Net loss from continuing operations		**(4,933)**	**(18,251)**	**(15,200)**	**(24,695)**
Profit (loss) from discontinued operations	30	16,439	(1,350)	12,331	11,742
Net loss for the period		**11,506**	**(19,601)**	**(2,869)**	**(12,953)**
Foreign Translation adjustment	-	385	(14,523)	(2,403)	(15,093)
Net loss and Comprehensive profit (loss)		**11,891**	**(34,124)**	**(5,272)**	**(28,046)**
Net loss attributable to:					
Shareholders on continuing operations		(6,513)	(18,251)	(15,201)	(24,695)
Shareholders on discontinued operations		16,439	(1,350)	12,331	11,742
Non-controlling interests		1,581	-	-	-
Net loss and comprehensive loss attributable to:					
Shareholders		10,311	(34,124)	(5,273)	(28,046)
Non-controlling interests		1,581	-	-	-
Earnings (loss) per share, basic and diluted					
Net loss per share - continuing operations		(0.01)	(0.04)	(0.03)	(0.05)
Net loss per share - discontinued operations		0.03	(0.00)	0.03	0.02
Weighted average number of outstanding common shares, basic and diluted	23	470,221,901	470,221,901	470,221,901	470,221,901

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

RED WHITE & BLOOM BRANDS, INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of Canadian Dollars, except number of shares and per share amounts)

6 months ended 30-June-25	Common Shares	Common Shares	Non-Controlling Interests	Contributed surplus	Cumulative translation adjustment	Accumulated Deficit	Total equity
	#	$	$	$	$	$	$
Balance, January 1, 2025	**470,221,901**	**342,111**	**567**	**17,315**	**(21,888)**	**(511,135)**	**(173,030)**
Stock based compensation (note 21)	-	-	-	43	-	-	43
Currency translation adjustments	-	-	-	-	15,093	-	15,093
Net loss from continuing operations	-	-	(2,962)	-	-	(32,075)	(35,037)
Net loss from discontinued operations (note 31)	-	-	-	-	-	22,084	22,084
Stock based compensation (note 21)	**470,221,901**	**342,111**	**(2,395)**	**17,358**	**(6,795)**	**(521,126)**	**(170,847)**
Balance, June 30, 2025	**470,221,901**	**342,111**	**567**	**17,315**	**(21,888)**	**(511,135)**	**(173,030)**

6 months ended 30-Jun-26	Common Shares	Common Shares	Non-Controlling Interests	Contributed surplus	Cumulative translation adjustment	Accumulated Deficit	Total equity
	#	$	$	$	$	$	$
Balance, January 1, 2026	470,596,901	342,124	(13,567)	17,402	(7,419)	(579,511)	(240,971)
Issuance of shares	375,000	-	-	-	-	-	-
Stock based compensation (note 21)	-	-	-	18	-	-	18
Cumulative translation adjustments	-	-	-	-	4,361	-	4,361
Net loss from discontinued operations (note 31)	-	-	13,567	-	(1,303)	12,331	24,595
Net loss from continuing operations	-	-	-	-	-	(15,200)	(15,200)
Balance, June 30, 2026	**470,971,901**	**342,124**	**-**	**17,420**	**(4,361)**	**(582,381)**	**(227,199)**

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

RED WHITE & BLOOM BRANDS, INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Canadian Dollars, except number of shares and per share amounts)

	Notes	For the period ended 30-Jun-26 $	For the period ended 30-Jun-25 $
Cash flow from operating activities:			
Net loss for the period		**(2,869)**	**(12,953)**
Items not involving cash:	31	**15,933**	**6,027**
Changes in non-cash working capital items:			
Accounts receivable	8	(1,821)	3,517
Prepaid expenses	10	(414)	(51)
Deposits	11	(1,262)	1,952
Inventory	12	(7,521)	4,154
Biological Assets	13	(1,214)	(7,563)
Accounts payable and accrued liabilities	20	(2,437)	(4,902)
Current Income tax payable	-	(7,202)	(2,657)
Deferred income taxes	-	(551)	(281)
Other assets	-	(356)	(1,327)
Other current liabilities	-	-	1,617
Net cash provided by (used in) operating activities		**(9,714)**	**(12,467)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	15	(1,221)	(1,510)
Additions on notes receivable	9	(19,635)	(6,105)
Interest receipts on notes receivable	9	131	169
Principal receipts on notes receivable	9	9,464	2,214
Acquisition of Ayurcann	6	(4,161)	-
Net cash provided by (used in) investing activities		**(15,422)**	**(5,232)**
Cash flow from financing activities:			
Issuance of promissory note	21	66,756	-
Advances on notes payable	21	-	20,058
Interest payments on notes payable	21	(117)	(112)
Principal payments on notes payable	21	(33,275)	(649)
Settlement of credit facility in discontinued operations		-	(12,723)
Principal payments on lease obligations	17	(923)	(94)
Interest payments on lease obligations	17	(87)	(1,348)
Net cash provided by (used in) financing activities		**32,354**	**5,132**
Foreign exchange affecting cash equivalents		(6,507)	9,168
Change in cash during the period		712	(4,536)
Cash equivalents, beginning of year		4,567	7,284
Cash, end of period		**5,278**	**2,748**

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Red White & Bloom Brands Inc., (the "Company" or "RWB") is publicly traded, with its common shares currently trading on the Canadian Securities Exchange (the “CSE”) under the trading symbol "RWB". The Company was incorporated on March 12, 1980, pursuant to the Business Corporations Act, British Columbia, with its registered office located at 1890-1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

RWB is a multi-jurisdictional, vertically integrated cannabis operator with a presence in established legal markets across the United States, Canada, and international territories.

The Unaudited Condensed Interim Consolidated Financial Statements for the period ended June 30, 2026, and 2025 (the "Financial Statements"), have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2026, the Company incurred accumulated net comprehensive losses of $582,381 (2025; $579,508) since inception, including non-cash impairments of $55,084 realized in fiscal year ended 2025 ($41,864 intangibles and $13,220 goodwill), $141 realized in fiscal year ended 2024, and $329,800 realized in prior years, totaling $385,025 in non-cash impairments. For the three and six months ended June 30, 2026, the Company incurred a comprehensive net profit of $11,891 and a comprehensive net loss of $5,272, respectively (2025; $34,124 and $28,046 loss, respectively). Working capital deficit (current assets less current liabilities) as at June 30, 2026, was $68,475 (2025; $29,655 deficit). Net cash provided by operations was $9,714 (2025; $12,467). These circumstances cast doubt on the Company's ability to continue as a going concern.

The Company has traditionally relied on debt and equity financing to support its operations. Debt as a source of financing remains accessible based on its arrangements with its current slate of lenders. The Company has been successful in obtaining financing to date and, in the prior year, negotiated favorable terms with its key lenders to renew and (as applicable) restructure issued and outstanding debt that had otherwise matured. Having secured those extensions of maturity dates and the mutually agreed upon deferral of cash debt service to the next applicable maturity dates, the Company has enhanced its ability to manage financial commitments tied to its operations more effectively (note 21). If further funding is not accessible through debt instruments or equity capital, delays, postponements, or reductions in certain operational activities may occur.

In evaluating the appropriateness of the going concern assumption, the Company has considered all relevant information available for the twelve-month period following this reporting period. To address its ongoing financial requirements, the Company is actively pursuing several strategies, including securing financing through existing or prospective sources of debt to support both organic and acquisitive growth initiatives, monetizing captive assets, both tangible and intangible, and a continuing program of reducing operating costs through the streamlining of operations and support functions. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows from operations, obtain additional financing, and successfully execute the strategies described above.

There can be no assurance that the Company will achieve profitability. If the going concern assumption were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses, and the consolidated statements of financial position classifications used; such adjustments could be material.

2. BASIS OF PRESENTATION

A. STATEMENT OF COMPLIANCE

The Company's Unaudited Condensed Interim Consolidated Financial Statements ("Financial Statements") have been prepared in accordance with and using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the three and six months ended June 30, 2026, and 2025.

These Financial Statements were authorized for issuance by the Company's Board of Directors and Audit Committee on August 31, 2026.

B. BASIS OF MEASUREMENT

These Financial Statements have been prepared on a historical cost basis except for biological assets and certain financial instruments classified as fair value through profit or loss, which are measured at fair value (note 5). In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

C. FUNCTIONAL AND PRESENTATION CURRENCY

All figures presented in these Financial Statements are reflected in thousands (000's) of Canadian dollars, unless otherwise noted; Canadian dollars being the functional currency of the Company. Foreign currency transactions and translation into Canadian dollars is computed in accordance with the Company's foreign currency translation accounting policies found in Note 5. Functional currencies of subsidiaries included in these Financial Statements can be found in note 3.

3. BASIS OF CONSOLIDATION

The Financial Statements include the accounts of the Company and its subsidiaries. In accordance with IFRS 10 *Condensed Interim Consolidated Financial Statements*, control exists when the Company has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect those returns. Investees over which the Company has significant influence, being the power to participate in the financial and operating policy decisions of the investee without controlling or jointly controlling those policies, are accounted for as associates under IAS 28 *Investments in Associates and Joint Ventures*. The results of consolidated entities are included from the date control is obtained until the date control ceases.

Divestiture and Deconsolidation of the Florida operations

During the period, the Company completed the divestiture of its Florida operations, comprising RWB Florida, LLC and Red White and Bloom Florida, Inc. (together, "RWB Florida"), to M&V Investment One LLC and its affiliates. As part of the transaction, the purchaser acquired the senior secured note and related security interests held by Royal Group Resources Ltd. in respect of RWB Florida, together with all indebtedness of RWB Florida held by the Company and its affiliates and assumed the obligations underlying the guarantees previously provided by the Company in respect of the Florida business, which were released in full at closing.

Assessment of loss of control Management concluded that control passed to the purchaser effective April 1, 2026, for the purposes of IFRS 10, being the date from which the purchaser assumed responsibility for directing the relevant activities of RWB Florida and for funding its operations and became exposed to the variability of returns from that business. Legal closing of the transaction was conditional upon regulatory approval in respect of the change of control of the licensed Florida operations, which was obtained after the reporting date. Receipt of that approval confirms, but does not alter, management's assessment of the date of loss of control.

Accounting on deconsolidation At April 1, 2026, the Company ceased to consolidate RWB Florida. In accordance with IFRS 10, the Company derecognized the assets, liabilities and non-controlling interests of RWB Florida at their carrying amounts on that date, reclassified the related cumulative translation differences from accumulated other comprehensive loss to profit or loss, and recognized the resulting gain within loss from discontinued operations. The Company retains no equity interest in RWB Florida and has no continuing obligation to fund the business, and accordingly no retained investment has been recognized.

The deconsolidation affects the following, each of which is described in the note indicated:

- Notes payable, from which U.S.-dollar denominated instruments with an aggregate carrying amount of $42,514 were derecognized (Note 21);
- Convertible debentures, from which U.S.-dollar denominated instruments with an aggregate carrying amount of $53,848 were derecognized (Note 21);
- Presentation of the results of the Florida operations for the period to April 1, 2026, and re-presentation of the comparative periods, as discontinued operations (Note 30);
- Segment disclosures (Note 29);
- Foreign currency risk, reflecting the removal of $96,362 of U.S.-dollar denominated liabilities from the Company's net monetary position (Note 27).

Interest of $2,578 and foreign exchange losses of $1,588 accrued on the derecognized instruments for the period from January 1, 2026, to the date of loss of control are presented within loss from discontinued operations.

Estimation uncertainty These condensed interim consolidated financial statements have not been audited or reviewed by the Company's auditors. The determination of the carrying amounts derecognized, the amounts reclassified from accumulated other comprehensive loss and the resulting gain on loss of control involves significant estimates and judgments and remains subject to completion of the audit of the Company's annual consolidated financial statements for the year ending December 31, 2026. Actual amounts may differ from those presented, and any adjustment would be recognized in the period in which it is identified.

Subsidiaries with controlling interest within these Financial Statements include the following:

Subsidiary	Source Currency	Jurisdiction	% Ownership As at 30-Jun-26	% Ownership As at 31-Dec-25
Continuing Operations				
Red White & Bloom Brands Inc. (Parent)	**CAD**	**British Columbia, Canada**	**100%**	**100%**
RWB (PV) Canada, Inc.	CAD	Alberta and Ontario, Canada	100%	100%
RWB Licensing Inc.	CAD	British Columbia, Canada	100%	100%
Aleafia Inc.	CAD	Ontario, Canada	100%	100%
Aleafia Farms Inc.	CAD	Ontario, Canada	100%	100%
Aleafia Retail Inc.	CAD	Ontario, Canada	100%	100%
[1]Ayurcann Inc. (note 6)	CAD	Ontario, Canada	100%	- %
Canabo Medical Corporation	CAD	Ontario, Canada	100%	100%
Emblem Cannabis Corporation	CAD	Ontario, Canada	100%	100%
Emblem Lands LP	CAD	Ontario, Canada	100%	100%
Emblem Lands GP	CAD	Ontario, Canada	100%	100%
MichiCann Medical Inc.	CAD	Ontario, Canada	100%	100%
PV CBD, LLC	USD	California, United States	100%	100%
RWB California, Inc.	USD	California, United States	100%	100%
RWB Platinum Vape Inc.	USD	California, United States	100%	100%
[2]MPV Wellness Inc.	USD	Michigan, United States	100%	100%
Red White & Bloom Michigan (2024), Inc.	USD	Michigan, United States	100%	100%
RWB Michigan LLC	USD	Michigan, United States	100%	100%
RWB (PV) Licensing, LLC	USD	Nevada, United States	100%	100%
Discontinued Operations				
Vista Prime Management, LLC	USD	California, United States	100%	100%
Mid-American Growers, Inc.	USD	Delaware, United States	100%	100%
RWB Florida, LLC[3]	USD	Florida, United States	- %	77%
Red White & Bloom Florida, Inc.[4]	USD	Florida, United States	- %	77%
Pharmaco, Inc.	USD	Michigan, United States	100%	100%
Real World Business Integration, LLC	USD	Illinois, United States	100%	100%
GC Ventures 2, LLC	USD	Michigan, United States	100%	100%

[1] Acquired June 4, 2025
[2] Incorporated August 15, 2025
[3] Divested April 1, 2026
[4] Divested April 1, 2026

4. ACCOUNTING PRONOUNCEMENTS

The Company has reviewed all new and amended IFRS Accounting Standards and interpretations issued by the IASB that are effective, or that have been issued but are not yet effective, as at the reporting date. Only those pronouncements that are relevant to, or that management has assessed may have an effect on, the Company's Condensed Interim Consolidated Financial Statements are disclosed in this note. New or pending pronouncements that have been determined to have no effect on the Company's operations, financial position, or disclosures have not been listed.

A. ACCOUNTING PRONOUNCEMENTS RECENTLY ADOPTED

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments

On May 30, 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to address diversity in accounting practice identified during the post-implementation review of IFRS 9. The amendments clarify the date of recognition and derecognition of financial assets and financial liabilities, including an option to derecognize certain financial liabilities settled through an electronic payment system before the settlement date, and provide additional guidance on the assessment of the contractual cash flow characteristics of financial assets. The amendments are of particular relevance for financial assets with environmental, social and governance ("ESG")-linked features, contractually linked instruments, and financial assets with non-recourse features. The amendments also introduce new disclosure requirements in IFRS 7 for investments in equity instruments designated at fair value through other comprehensive income and for financial instruments with contingent features. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

Annual Improvements to IFRS Accounting Standards – Volume 11

On July 18, 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11, which makes narrow-scope amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Condensed Interim Consolidated Financial Statements, and IAS 7 Statement of Cash Flows. The amendments clarify wording, correct minor unintended consequences and oversights, and improve consistency between certain IFRS Accounting Standards. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

B. STANDARDS, AMENDMENTS, AND INTERPRETATIONS NOT YET EFFECTIVE

New and amended accounting standards are effective for the Company for annual periods beginning on or after January 1, 2027, and earlier application is permitted. The Company has not early adopted new or amended standards in preparing these Financial Statements. The Company has not yet determined the impact of these amendments on its Financial Statements. The following are relevant new and amended standards under review by the Company.

IFRS 18 Presentation and Disclosure in Financial Statements

The IASB has published IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation of the statement of profit or loss, including defined categories (operating, investing, and financing) and required subtotals such as operating profit or loss and profit or loss before financing and income taxes. The new standard also requires disclosure of management-defined performance measures and sets out enhanced principles for the aggregation and disaggregation of information. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which permits eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. A subsidiary is eligible if it does not have public accountability and its ultimate or intermediate parent produces Condensed Interim Consolidated Financial Statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. As the Company is a publicly traded entity with public accountability, IFRS 19 is not expected to apply to the Company; however, eligible subsidiaries of the Company may elect to apply the standard in their own standalone financial statements.

5. MATERIAL ACCOUNTING POLICIES AND KEY ESTIMATES

The preparation of these Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates and judgments used in the preparation of these Financial Statements are described in note 5 of the Company's most recently filed Audited Consolidated Financial Statements for the year ended December 31, 2025, which can be found on the Company's profile on Sedar+.

6. ACQUISITIONS

Ayurcann Inc.

On June 5, 2026 (the "Acquisition Date"), a wholly owned subsidiary of the Company, Emblem Cannabis Corporation ("Emblem"), acquired 100% of the common shares of Ayurcann Inc. ("Ayurcann"). Emblem was selected as the successful bidder in the sale process approved and supervised by the Ontario Superior Court of Justice (Commercial List) in connection with CCAA proceedings. The acquisition was approved by an approval and reverse vesting order of the Court in the CCAA Proceedings (the "Approval and Reverse Vesting Order"). In accordance with the Approval and Reverse Vesting Order, all previously issued and outstanding securities of Ayurcann were cancelled and certain of Ayurcann's assets and liabilities were excluded and vested in an affiliate of Ayurcann and were not transferred as part of the Transaction. Prior to closing of the transaction, Emblem assumed the debtor-in-possession facility (the "DIP Facility") provided to Ayurcann in connection with the CCAA proceedings for cash consideration of $1,604. Total consideration transferred was $5,462, comprising settlement of amounts outstanding under the DIP Facility of $2,079 and cash consideration of $3,383.

Transaction costs of $382 were expensed to business transaction costs in the interim condensed consolidated statements of loss and comprehensive loss and are part of operating cash flows in the interim condensed statement of cash flows.

The acquisition has been accounted for as a business combination, and the results of Ayurcann have been consolidated with those of the Company commencing on the Acquisition Date.

The following table sets out the provisional calculation of the purchase price and the provision allocation of the purchase price based on the estimated fair values of the identifiable assets acquired and liabilities assumed on the Acquisition Date. The purchase consideration and certain elements of the purchase price allocation remain subject to final review by the Company's auditors and are provisional pending finalization of customary post-closing adjustments.

Consideration paid	$
Consideration Paid	**5,462**
Identifiable assets (liabilities) acquired	
Cash and equivalents	1,301
Receivables	3,880
Inventory	1,663
Prepaids and deposits	1,686
Property, plant & equipment	274
Intangible asset	440
Accounts Payable	(4,315)
Accrued liabilities	(34)
Deferred tax liability	(114)
Sales tax payable	(57)
Total identifiable net assets	4,724
Goodwill (note 18)	738
Total consideration	**5,462**

During the three and six months ended June 30, 2026, the Company expensed $nil and $382, respectively, in acquisition costs relating to the Ayurcann Acquisition (2025; $nil). Revenue of Ayurcann post-acquisition amounted to $1,077 and $1,077 for the three and six months ended June 30, 2026 (2025; $nil) and net loss totaled $384 and $384 respectively (2025; $nil).

Had the Ayurcann Acquisition closed on January 1, 2026, the Company estimates it would have recorded consolidated revenues of $13,106 and $32,730 and a consolidated net income of $12,712 and a consolidated net loss of $3,834 respectively, for the comparative three and six months ended June 30, 2026, representing an increase in revenue of $5,630 and $13,193 and an increase in net income of $1,206 and an increase of net loss of $965 for the respective periods.

7. CASH AND EQUIVALENTS

Cash and equivalents consists of the following:

	As at 30-Jun-26	As at 31-Dec-25
	$	$
Cash in bank	4,461	3,883
Cash on hand	438	114
Cash in transit	118	328
Restricted cash	261	242
Total cash	**5,278**	**4,567**

- **Cash on Hand:** Comprised of currency maintained at retail locations and petty cash funds utilized for immediate operational requirements.
- **Cash in Bank:** Represents balances held in deposit accounts at the Company's authorized financial institutions.
- **Cash in Transit:** Consists of retail location deposits in process of being transferred to the Company's financial institution. These deposits typically require twenty-four to forty-eight hours to be recognized and credited to the Company's accounts.
- **Restricted Cash:** Includes funds held in a 24-month guaranteed investment certificate ("GIC") maturing on August 29, 2027. This GIC bears an effective interest rate of 3.4% with annual compounding.

8. ACCOUNTS RECEIVABLE

The Company's accounts receivable consists of the following:

	As at 30-Jun-26	As at 31-Dec-25
	$	**$**
Trade receivables	16,991	9,945
Expected credit loss – trade receivables	(4,828)	(3,417)
Trade receivables, net	**12,163**	**6,528**
Other receivables	5	481
Sales tax receivable	1,305	1,308
Ending Balance	**13,473**	**8,317**

The Company assessed the carrying amount of trade receivables at June 30, 2026, for expected credit loss ("ECL") and included an ECL of $4,828 (2025; $3,417). In the three and six months ended June 30, 2025, the Company realized $64 in bad debt (2025; $nil), and recorded $2,000 and $$1,226, respectively, to ECL (2025; $468 and $1,074, respectively).

The aging of the Company's trade receivables and the corresponding ECL is as follows:

As at 30-Jun-26							
Aging classification (days)	**Current**	**1-30**	**31-60**	**61-90**	**91-120**	**121+**	**Total**
Rate of expected loss	0.1%	6.6%	2.5%	12.8%	11.7%	45.3%	
Trade receivables	5,242	2,542	960	1,445	658	6,143	16,991
Expected credit loss – trade receivables	-	-	-	-	5	(4,833)	(4,828)
Trade receivables, net	**5,242**	**2,542**	**960**	**1,445**	**663**	**1,310**	**12,163**
Other receivables							5
Sales tax receivable							1,305
Balance, June 30, 2026							**13,473**

As at 31-Dec-25							
Aging classification (days)	**Current**	**1-30**	**31-60**	**61-90**	**91-120**	**121+**	**Total**
Rate of expected loss	6.4%	8.0%	15.5%	7.1%	26.5%	83.1%	
Trade receivables	3,302	1,007	650	556	616	3,814	9,945
Expected credit loss – trade receivables	(88)	(42)	(110)	(14)	(34)	(3,129)	(3,417)
Trade receivables, net	**3,214**	**965**	**540**	**542**	**582**	**685**	**6,528**
Other receivables							481
Sales tax receivable							1,308
Balance, December 31, 2025							**8,317**

During the three and six months ended June 30, 2025, the Company had two significant customers representing 42% and 12%, and 39% and 13% respectively, of total revenues earned by the Company (2025; three at 25%, 14% and 13%, two at 25% and 12%, respectively).

9. NOTES RECEIVABLE

The Company's notes receivable are measured at amortized cost and subject to the IFRS 9 expected credit loss model, except for the PD and HEH Note, which is measured at fair value through profit or loss. The terms, security and measurement basis of each note are described in Note 8 to the Company's annual financial statements for the year ended December 31, 2025. There were no significant changes to these arrangements during the six months ended June 30, 2026, other than the settlement of the OPRC Note.

The terms of the Company notes receivables are as follows:

Note	Purpose:	Note currency:	Execution Date:	Maturity Date:	Interest Rate per annum:
Battle Creek Note	Sale of capital assets	USD	17-Sep-25	17-Sep-27	0.00%
Gratiot Note A	Sale of capital assets	USD	12-Dec-25	12-Dec-27	7.00%
Gratiot Note B	Sale of capital assets	USD	12-Dec-25	12-Dec-27	7.00%
HEH Note	Acquisition	CAD	30-Jun-26	30-Jun-28	12.00%
KMI Grid Note	Working capital	USD	19-Dec-24	On Demand	12.00%
Lighthouse Note	Working capital	USD	1-Dec-25	15-Mar-28	13.00%
OPRC Note	Debt restructure	CAD	17-May-24	31-May-27	8.00%
PD Note	Working capital	USD	15-May-24	15-May-27	20.00%
Stateline Note	Sale of capital assets	USD	7-Nov-25	31-Dec-30	5.00%

Continuity of the Company's notes receivable is as follows:

	Balance, 01-Jan-26	Additions	Accrued Interest	Interest Payments	Principal Payments	FX (Gain)/Loss	Balance, 30-Jun-26
	$	$	$	$	$	$	$
Battle Creek Note	268	-	-	-	(83)	8	193
Gratiot Note A	413	-	13	(10)	(52)	14	378
Gratiot Note B	828	-	26	(19)	(141)	25	719
KMI Note	1,253	15,700	36	-	-	-	15,736
HEH Note		259	98	(52)	(38)	57	1,577
Lighthouse Note	954	-	31	(30)	(26)	35	964
OPRC Note	3,020	-	-	(20)	(3,000)	-	-
PD Note	28,991	3,676	1,134	-	(6,124)	1,018	28,695
Stateline Note	1,721	-	43	-	-	64	1,828
Total	**37,448**	**19,635**	**1,381**	**(131)**	**(9,464)**	**1,221**	**50,090**

	Balance, 01-Jan-25	Additions	Accrued Interest	Interest Payments	Principal Payments	FX (Gain)/Loss	Balance, 31-Dec-25
	$	$	$	$	$	$	$
Battle Creek Note	-	314	-	(42)	-	(4)	268
Gratiot Note A	-	419	2	-	-	(8)	413
Gratiot Note B	-	839	5	-	-	(16)	828
KMI Note	743	766	114	(101)	(225)	(44)	1,253
Lighthouse Note	-	954	-	-	-	-	954
OPRC Note	3,000	-	240	(220)	-	-	3,020
PD Note	12,093	20,309	2,546	-	(5,145)	(811)	28,992
Stateline Note	-	1,747	7	-	-	(34)	1,720
Total notes receivable	**15,836**	**25,348**	**2,914**	**(363)**	**(5,370)**	**(917)**	**37,448**
Short-term notes receivable	11,397						31,659
Long-term notes receivable	4,439						5,789

During the reporting period, the OPRC Note was repaid and settled in full. The Company received cash of $3,020 representing the outstanding principal and accrued interest to the settlement date and derecognized the note. No gain or loss was recognized on settlement.

On June 30, 2026, the Company had advanced $15,700 to HEAL Europe Holdings Corp. ("HEH") under a senior secured loan agreement and promissory note (the “HEH Note”). The note bears interest at 12% per annum, calculated daily, compounded annually and payable monthly, and matures on June 30, 2028. The note is secured by a general security agreement over the assets of the borrower, a share pledge, and guarantees from related entities of the borrower. The note is classified as a financial asset measured at amortized cost and is recognized net of expected credit losses determined in accordance with IFRS 9. As at June 30, 2026, the note was in Stage 1, and no expected credit loss allowance was recognized. Subsequent to June 30, 2026, the facility was amended and further advances were made (the reader is referred to note 33).

In accordance with the payment-in-kind provisions of the First Amendment to the PD Note described in Note 8 to the annual financial statements, the Company forgave accrued and unpaid interest of $819 (US$595) and $1,645 (US$1,188), respectively, on Compliant Product deliveries within the annual cap during the three and six months ended June 30, 2026 (2025; $nil). The forgiven interest was netted against interest income earned on the note.

No expected credit loss allowance was required at June 30, 2026 (December 31, 2025 – $nil), as each note measured at amortized cost remains supported by collateral with a realizable value equal to or exceeding its gross carrying amount. Credit risk on the PD and HEH Note continues to be reflected in its fair value at the reporting date. Credit risk will continue to be assessed each reporting period to ensure compliance with ECL provisions under IFRS.

10. PREPAID EXPENSES

The Company’s prepaid expenses are comprised of the following amounts:

	As at 30-Jun-26	As at 31-Dec-25
	$	**$**
Prepaid professional fees	23	742
Prepaid taxes	6	31
Prepaid dues and subscriptions	95	20
Other prepaid fees	541	258
Total prepaid expenses	**665**	**1,051**

Prepaid operating licenses include licenses held by the Company’s various subsidiaries that allow for the legal conduct of cultivation, processing, distribution, and medical and adult-use retail sales by these entities. These licenses are regulated by the respective authorities in each state or province across the United States and Canada.

11. DEPOSITS

The Company’s deposits are comprised of the following amounts:

	As at 30-Jun-26	As at 31-Dec-25
	$	**$**
Vendor deposits	7,072	7,067
Security deposits	2,529	369
Other deposits	43	169
Total deposits	**9,644**	**7,605**

Vendor deposits represent advance deposits placed with independent licensed producers under crop commitments that reserve production capacity for cannabis biomass meeting the Company's product specifications, including cannabinoid profile, terpene composition and quality standards for its branded portfolio. The commitments remain active at the reporting date. Management assessed the recoverability of the vendor deposits at June 30, 2026, and considers the amounts to be fully recoverable through future product (cannabis) deliveries. Deposits also include amounts held in trust with a Canadian government institution on account of Emblem Cannabis Corporation and Ayurcann Inc.

12. INVENTORY

The Company's inventory consists of the following:

	As at 30-Jun-26	As at 31-Dec-25
	$	$
Raw materials	2,872	7,123
Work in process	25,268	32,926
Finished goods	9,672	5,131
Inventory provisions	(589)	(1,742)
Total inventory	**37,223**	**43,438**

Inventory included in cost of sales was $11,970 (June 30, 2025; $19,676), which includes an allocation for personnel costs amounting to $3,230 (June 30, 2025; $2,697).

13. BIOLOGICAL ASSETS

The Company's biological assets, consisting of cannabis plants, are measured at fair value less costs to sell using a combination of a Level 2 input (expected selling price) and Level 3 unobservable inputs. The valuation methodology, the significant inputs applied for each cultivating subsidiary, the principal sources of estimation uncertainty and the related sensitivity analysis are described in Note 13 of the Company's annual financial statements for the year ended December 31, 2025, and have not changed materially during the six months ended June 30, 2026.

The Company’s biological assets consisted of 8,081 plants (December 31, 2025; 9,521).

The continuity of biological assets is as follows:

	As at 30-Jun-26	As at 31-Dec-25
	$	$
Carrying amount, beginning of year	1,165	1728
Capitalized cost	2,287	8,263
Unrealized changes in fair value of biological assets	249	128
Transferred to inventory	(752)	(9,019)
Effects of foreign exchange	-	65
Carrying value, end of year	**2,949**	**1,165**

The following table summarizes the significant inputs in the fair value model for each cultivating subsidiary at June 30, 2026.

Significant input	AFI (CAD)	ECC (CAD)
Weighted average selling price — per gram	$0.2118	$2.0789
Bud as a % of total harvested yield	25.0%	68.1%
Trim as a % of total harvested yield	70.2%	30.6%
Expected wastage / loss rate	4.8%	1.3%
Weighted average post-harvest — per gram	$0.0426	$0.9532
Cost to sell per gram — per gram	$0.0049	$0.0819

14. ASSETS & LIABILITIES HELD FOR SALE

The assets and liabilities of the Company's discontinued operations are presented as held for sale in accordance with IFRS 5. Background and basis of this classification are described in note 5 and 14 of the Company's annual financial statements for the year ended December 31, 2025. There were no significant changes to this classification during the six months ended June 30, 2026.

The carrying amounts of the assets and liabilities of all Discontinued Operations as at June 30, 2026, and December 31, 2025 are as follows:

	As at 30-Jun-26	As at 31-Dec-25
	$	$
Current assets		
Prepaid expenses	131	-
Deposits	141	138
Non-current assets		
Property, plant and equipment, net	2,896	6,064
Assets classified as held for sale	**3,168**	**6,202**
Current liabilities		
Accounts payable and accrued liabilities	3,443	3,069
Promissory notes	834	784
Tax payables	8,182	7,684
Liabilities classified as held for sale	**12,459**	**11,537**

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15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of June 30, 2026, and December 31, 2025, consists of the following:

	Land	Land Improvements	Building	Building Improvements	Leasehold Improvements	Vehicles	Furniture & Fixtures	Machinery & Equipment	Computer Hardware	Construction In Progress	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost											
Balance, January 1, 2025	7,199	1,302	18,087	4,179	8,335	204	640	12,293	95	3,388	55,722
Additions	-	-	-	1	3	292	-	20	483	11	2,222
Disposals	-	-	-	-	-	-	-	(159)	-	-	(159)
Foreign currency movement	(34)	(62)	(386)	52	802	(10)	(163)	(430)	-	(1,404)	(1,635)
Balance, December 31, 2025	**7,166**	**1,240**	**17,701**	**4,235**	**9,429**	**194**	**496**	**12,186**	**107**	**4,206**	**56,960**
Additions cost	-	11	-	76	-	-	32	617	70	415	1,221
Additions through business combinations (note 6)	-	-	-	-	-	-	-	274	-	-	274
Disposals from deconsolidation	(686)	(1,261)	(7,885)	-	(8,448)	(197)	(488)	(9,924)	-	(3,224)	(32,113)
Foreign currency movement	11	21	131	(18)	195	3	(8)	960	(4)	(580)	711
Balance, June 30, 2026	**6,491**	**11**	**9,947**	**4,293**	**1,176**	**-**	**32**	**4,113**	**173**	**817**	**27,053**
Accumulated depreciation											
Balance, January 1, 2025	**-**	**38**	**1,396**	**418**	**4,658**	**27**	**314**	**5,195**	**33**	**-**	**12,079**
Depreciation	-	14	692	404	1,346	40	77	1,983	32	-	4,588
Foreign currency movement	-	(2)	(51)	6	(247)	(2)	(28)	(276)	-	-	(600)
Balance, December 31, 2025	**-**	**50**	**2,038**	**828**	**5,757**	**64**	**363**	**6,902**	**65**	**-**	**16,067**
Depreciation this period	-	-	215	201	54	-	3	133	22	-	628
Disposals from deconsolidation	-	(54)	(1,254)	-	(5,672)	(75)	(371)	(6,535)	-	-	(13,961)
Foreign currency movement	-	4	84	(17)	446	11	8	542	1	-	1,079
Balance, June 30, 2026	-	-	1,085	1,012	586	-	2	1,044	85	-	3,814
Net book value											
Balance, December 31, 2025	7,166	1,191	15,663	3,407	3,672	130	133	5,284	42	4,206	40,894
Balance, June 30, 2026	**6,491**	**11**	**8,862**	**3,281**	**590**	**-**	**30**	**3,069**	**88**	**817**	**23,239**

The Company capitalized $398 in depreciation expense to inventory within six months ended June 30, 2026 (December 31, 2025; $3,683).

16. INTANGIBLE ASSETS

A continuity of the intangible assets is as follows:

	Brand	Licenses	Total
	$	$	$
Balance, January 1, 2025	**39,250**	**61,459**	**100,709**
Impairment	(14,706)	-	(14,706)
Foreign exchange movement	(1,660)	-	(1,660)
Balance, December 31, 2025	**22,884**	**31,773**	**54,657**
Acquisition (note 6)	440	-	440
Deconsolidation of RWB Florida (note 3)	-	(28,008)	(28,008)
Foreign exchange movement	763	468	1,231
Balance, June 30, 2026	**24,087**	**4,234**	**28,321**

The Company's accounting policy and impairment-testing approach for intangible assets are described in Note 5 to the Company's annual financial statements for the year ended December 31, 2025. The impairment losses recognized during the year ended December 31, 2025, in respect of the Platinum Vape brand. The Company assesses for indicators of impairment at each reporting date; no indicators of impairment were identified during the six months ended June 30, 2026.

17. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

A continuity of the Company's right-of-use assets is as follows:

	As at 30-Jun-26	As at 31-Dec-25
	$	$
Opening balance	17,479	**17,976**
Additions		2,373
Depreciation	(120)	(1,740)
Disposals – cost	(236)	(720)
Disposals - accumulated depreciation	94	-
Gain on Disposals	(34)	-
Net disposals on deconsolidation	(16,126)	-
Effects of foreign exchange	(24)	-
Balance, June 30, 2026	**1,303**	**17,749**

A continuity of the Company's lease obligations related to right-of-use assets is as follows:

	As at 30-Jun-26	As at 31-Dec-25
	$	$
Opening balance	23,508	22,728
Additions/(Disposals)	-	2,373
Adjustments	-	(58)
Net disposals on deconsolidation	(22,042)	-
Interest accretion	87	2,764
Interest payments	(87)	(2,764)
Principal payments	(923)	(411)
Ending balance	**(666)**	**24,632**
Effects of foreign exchange	1,808	(1,124)
Less: Short-term lease obligations	348	(955)
Long-term lease obligation	**1,491**	**22,553**

18. MINORITY INTEREST IN INVESTMENT

The Company holds an 8.94% equity interest in One Plant (Retail) Corp. ("OPRC"). The Company does not exercise significant influence under IAS 28, so the investment is classified as a financial asset measured at fair value through profit or loss and is fair valued using a Level 3 valuation. The basis of classification, the valuation methodology and the unobservable inputs applied are described in Note 18 to the Company's annual financial statements for the year ended December 31, 2025, and have not changed during the three months ended June 30, 2026. The continuity of the Company's investment in OPRC is set out below:

	$
Balance, January 1, 2025	**-**
Gain on fair value adjustment	878
Balance, December 31, 2025	**3,357**
Balance, June 30, 2026	**3,357**

The Company maintained its 8.94% equity interest throughout the reporting period, and management's assessment of fair value at June 30, 2026, indicated no material change from the fair value determined as at December 31, 2025. Accordingly, no fair value adjustment was recognized during the three months ended June 30, 2026.

19. GOODWILL

Goodwill of $738 was recognized relating to the acquisition of Ayurcann on June 5, 2026, representing the excess of the consideration transferred over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed (note 6). The Company had no goodwill recognized at December 31, 2025.

The goodwill amount recognized is provisional pending any adjustments to the purchase price allocation and remains subject to final review by the Company's auditors. Goodwill has been allocated to the Company's Distribution cash-generating unit, which represents the lowest level at which goodwill is monitored for internal management purposes. Goodwill is not amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it may be impaired. No impairment indicators were identified as at June 30, 2026, and accordingly no impairment test was performed.

Continuity of Goodwill is as follows:

	$
Balance, January 1, 2025	**-**
Balance, December 31, 2025	**-**
Goodwill resulting from acquisitions (note 6)	738
Balance, June 30, 2026	**738**

20. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company had the following accounts payable and accrued liabilities at June 30, 2026, and 2025:

	As at 30-Jun-26	As at 31-Dec-25
	$	$
Trade payables	8,940	7,257
Accrued liabilities and other	3,868	4,598
Sales and excise tax payable	3,394	3,532
Customer deposits	-	812
Total	**16,202**	**16,199**

During the period, the Company had two significant vendors representing 14% and 13% of its trade payables (2025: 18% and 12%).

21. DEBT

A reconciliation of Finance expenses is as follows:

	3 months ended 30-Jun-26	3 months ended 30-Jun-26	6 months ended 30-Jun-25	6 months ended 30-Jun-25
	$	$	$	$
Financing arrangement costs	31	(67)	38	(33)
Right-of use (ROU) interest	43	-	87	-
Notes payable expenses	3,720	-	7,305	-
Credit facility expenses	6,098	-	11,735	-
Interest on promissory notes	-	7,772	-	14,850
Interest on convertible notes	-	-	-	409
Total finance expense	**9,892**	**7,705**	**19,165**	**15,226**

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A. NOTES PAYABLE

The terms of the Company's notes payable — principal amounts, interest rates, maturities and security — and the February 1, 2025 amendment of the Matured Debt (maturities extended to September 12, 2027, at 12% per annum, principal and interest deferred to maturity, convertible features removed, and $5,803 of accrued interest forgiven by related-party lenders) are described in Note 21 to the Company's annual financial statements for the year ended December 31, 2025.

	Balance, 31-Dec-25	Additions	Extinguishment	Accrued interest	Interest payments	Principal payments	FX (gain)/ loss	Balance, 30-Jun-26
BJSD Note[1]	3,419	-	-	210	-	-	-	3,629
CPIL Note[1]	23,032	-	-	1,417	-	-	-	24,449
DCIL Note[1]	10,887	-	-	673	-	-	422	11,982
ELL Note	5,647	-	-	185	(117)	(118)	-	5,597
MV Ops Note	1,758	1,394	(3,238)	56	-	-	30	-
Oakshire Note	1,413	-	(1,491)	53	-	-	25	-
RGR CAD Grid Note[1]	71,096	27,055	-	4,539	-	-	-	102,690
RGR Note A[1]	51,100	-	-	3,165	-	-	1,973	56,238
RGR Note C[1]	36,060	-	(37,785)	1,094	-	-	631	-
RGR USD Grid Note[1]	114,504	38,307	-	7,195	-	(33,157)	4,574	131,423
SDIL Note A[1]	10,093	-	-	625	-	-	390	11,108
SDIL Note B[1]	10,887	-	-	673	-	-	422	11,982
SIL Note	531	-	-	33	-	-	20	584
TAII Note	5,178	-	-	321	-	-	200	5,699
Total Notes Payable	**345,605**	**66,756**	**(42,514)**	**20,239**	**(117)**	**(33,275)**	**8,687**	**365,381**
Short-term	319,858							136
Long-term	5,463							365,381

Effective April 1, 2026, the Company ceased to control RWB Florida, LLC and Red White and Bloom Florida, Inc. ("RWB Florida"), and the assets and liabilities of RWB Florida were derecognized. As part of the transaction, all indebtedness of RWB Florida held by the Company and its affiliates, together with the senior secured note and related security interests held by Royal Group Resources Ltd., was acquired by the purchaser. Accordingly, the MV Ops Note, the Oakshire Note and the RGR Note C, each denominated in U.S. dollars, were derecognized in full on that date.

Interest was accrued and the carrying amounts retranslated up to April 1, 2026, and no cash was paid in respect of principal or interest during the period. Interest of $1,203 and foreign exchange losses of $686, in each case for the period from January 1, 2026, to the date of loss of control, are presented within loss from discontinued operations, together with the other results of the Florida operations. No amounts in respect of these notes are included in finance costs from continuing operations.

No separate gain or loss on extinguishment has been recognized; the aggregate carrying amount of $42,514 derecognized forms part of the gain on loss of control of RWB Florida. Refer to Note 3 for details of the divestiture, including the terms of the transaction, the guarantees released and the gain recognized.

During the six months ended June 30, 2026, interest on the remaining notes payable continued to accrue at the applicable rates and, where provided under the amended terms, was deferred to the respective maturity dates; balances also reflect foreign exchange movements on the USD-denominated notes. A significant portion of the notes payable is held by related parties (note 26).

[1] Related party (note 26)

B. CONVERTIBLE DEBENTURES

The terms of the Company's convertible debentures, the valuation approach for the embedded conversion features, and the February 1, 2025, amendment of the Matured Convertible Debt into promissory notes (see Note Payable above) are described in Note 21 to the Company's annual financial statements for the year ended December 31, 2025. Consistent with the prior year, the Company determined that no derivative liability was associated with the embedded conversion features of the outstanding convertible debentures at June 30, 2026.

Effective April 1, 2026, the convertible debentures held by RWB Florida were derecognized on the loss of control of the Florida operations. The AB, FCC, IBGL, VMOS and MV Convertible Notes, each denominated in U.S. dollars, were derecognized in full on that date, with an aggregate carrying amount of $53,848. Interest of $1,375 and foreign exchange losses of $902, in each case for the period from January 1, 2026, to the date of loss of control, are presented within loss from discontinued operations. No separate gain or loss on extinguishment has been recognized; the carrying amount derecognized forms part of the gain on loss of control of RWB Florida (see Note 3).

Continuity of convertible debentures is as follows:

	31-Dec-25	Extinguishments	Accrued interest	FX (gain) loss	30-Jun-26
AB Convertible Note	1,545	(1,604)	32	27	-
FCC Convertible Note	3,090	(3,208)	64	54	-
IBGL Convertible Note	3,090	(3,208)	64	54	-
VMOS Convertible Note	2,163	(2,246)	45	38	-
MV Convertible Note	41,684	(43,582)	1,170	728	-
Total	**51,572**	**(53,848)**	**1,375**	**901**	**-**

	31-Dec-24	Interest accrued	Interest accretion	Extinguishment	Amendment	Interest accrued post-amendment	FX (gain) loss	31-Dec-25
AB Convertible Note	1,487	131	-	(73)	1,545	1,487	131	-
FCC Convertible Note	2,974	262	-	(146)	3,090	2,974	262	-
IBGL Convertible Note	2,974	262	-	(146)	3,090	2,974	262	-
VMOS Convertible Note	2,082	183	-	(102)	2,163	2,082	183	-
MV Convertible Note	39,015	4,608	-	(1,939)	41,684	39,015	4,608	-
DCIL Convertible Note	10,143	102	(10,311)	66	-	10,143	102	(10,311)
SDIL Convertible Note[1]	10,143	102	(10,311)	66	-	10,143	102	(10,311)
CPIL Convertible Note[1]	20,440	204	(20,644)	-	-	20,440	204	(20,644)
	89,258	**5,854**	**(41,266)**	**(2,274)**	**51,572**	**89,258**	**5,854**	**(41,266)**

[1] Related party (note 26)

C. OFF BALANCE SHEET ARRANGEMENTS

The Company did not enter any off-balance sheet arrangements during period ending June 30, 2026 (2025; $nil).

During three and six months ended June 30, 2026, and year ended December 31, 2025, the Company satisfied all financial and operating covenants associated with its debt obligations.

22. SHARE CAPITAL AND RESERVES

A. AUTHORIZED

Unlimited common shares without par value, and an unlimited number of non-voting preferred shares issuable in series without par value, each with special rights and restrictions, as described in Note 22 to the Company's annual financial statements for the year ended December 31, 2025.

B. ISSUED AND OUTSTANDING

At June 30, 2026, 470,596,901 common shares were issued and outstanding, with share capital of $342,124 (December 31, 2025 – 470,596,901 shares; $342,124). There were no transactions affecting share capital during the three months ended June 30, 2026.

C. STOCK OPTIONS

The terms of the Company's 20% rolling stock option plan and the assumptions used to value outstanding options are described in Note 22 to the annual financial statements.

The number of stock options and weighted average exercise prices as at June 30, 2026, and December 31, 2025, are as follows:

	Options	Weighted average exercise price
	#	$
Balance Outstanding, January 1, 2025	**15,586,429**	**0.80**
Expired	(4,986,429)	0.71
Balance Outstanding, December 31, 2025	**10,600,000**	**0.16**
Balance Outstanding, June 30, 2026	**10,600,000**	**0.16**
Exercisable		
Exercisable As at June 30, 2026	9,565,628	0.16
Exercisable as at December 31, 2025	9,220,836	0.16

For the three and six months ended June 30, 2026, the Company had share-based compensation expenses relating to stock options amounting to $7 and $18, respectively (2025; $22 and $43, respectively).

23. EARNINGS (LOSS) PER SHARE ON CONTINUING OPERATIONS

Earnings/loss per share is as follows:

	3 months ended 30-Jun-26	3 months ended 30-Jun-25	6 months ended 30-Jun-26	6 months ended 30-Jun-25
Outstanding common shares	470,221,901	470,221,901	470,221,901	470,221,901
Weighted average number of shares outstanding, basic and dilutive	470,596,901	470,221,901	470,596,901	470,221,901
(Loss) from continuing operations attributable to RWB shares ($)	(4,933)	(18,251)	(15,200)	(24,695)
Earnings/loss per share on continued operations, basic and diluted ($)	**(0.01)**	**(0.04)**	**(0.03)**	**(0.05)**
Gain (loss) from discontinued operations attributable to RWB shares ($)	16,439	(1,350)	12,331	11,742
Earnings/loss per share on discontinued operations, basic and diluted ($)	**0.03**	**(0.00)**	**0.03**	**0.02**

No stock options have been included in the computation of diluted loss per share as their effect would be anti-dilutive.

24. REVENUES

The Company generates revenue through three distinct channels: Retail, Distribution and Licensing. Revenues by channel for the three and six months ended June 30, 2026, and 2025 are as follows:

	3 months ended 30-Jun-26	3 months ended 30-Jun-25	6 months ended 30-Jun-26	6 months ended 30-Jun-25
	$	$	$	$
Distribution	6,263	11,032	16,997	24,295
Licensing	69	200	69	1,045
Retail	1,144	3,047	2,471	6,109
Total revenue	**7,476**	**14,279**	**19,537**	**31,449**

Revenue as a percentage of total sales for the three and six months ended June 30, 2026, and 2025 are as follows:

	3 months ended 30-Jun-26	3 months ended 30-Jun-25	6 months ended 30-Jun-26	6 months ended 30-Jun-25
	$	$	$	$
Distribution	84%	77%	87%	77%
Licensing	1%	1%	0%	3%
Retail	15%	21%	13%	19%
Total revenue	100%	100%	100%	100%

During the three and six months ended June 30, 2026, and 2025, the Company did not have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a result, the Company has not adjusted any of the transaction prices for the time value of money.

25. GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses for three and six months ended June 30, 2026, and 2025 were as follows:

	3 months ended 30-Jun-26	3 months ended 30-Jun-25	6 months ended 30-Jun-26	6 months ended 30-Jun-25
	$	$	$	$
Salaries and wages	1,497	2,927	4,056	6,148
Facilities expense	458	215	925	243
Professional fees	1,037	1,448	1,700	2,429
Office and administrative fees	187	519	386	1,102
Travel expense	40	106	55	165
Licenses and permits	137	79	261	158
Insurance	487	355	406	721
Penalty and late fees	59	14	70	31
Total general and administrative expenses	**3,902**	**5,663**	**7,859**	**10,997**

26. RELATED PARTY TRANSACTIONS

A. KEY MANAGEMENT

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of certain executive members of the Company's Board of Directors and corporate officers. Remuneration attributed to key management personnel for the year ended June 30, 2026, and 2025, is as follows:

	3 months ending 30-Jun-26	3 months ending 30-Jun-25	6 months ending 30-Jun-26	6 months ending 30-Jun-25
	$	$		
Management salaries, bonuses, and other benefits	215	46	263	312
Consulting fees paid to a company controlled by a director	-	15	-	30
Share-based payments – officers	4	4	8	8
Total	**219**	**65**	**271**	**350**

B. AMOUNTS DUE TO/FROM RELATED PARTIES

Included in accounts payable and accrued liabilities is $1,569 of key management compensation to be paid in future periods (December 31, 2025 – $1,092). A portion of the Company's notes payable is owed to related parties — including the CPIL Note (an entity controlled by the Company's President) — together with notes held by close family members of key management personnel and the related-party Matured Debt renewed on February 1, 2025. The terms of these instruments are described in the Notes Payable in Note 21 to the Company's annual financial statements for the year ended December 31, 2025.

C. RELATED PARTY TRANSACTIONS

During the three and six months ended June 30, 2026, the Company recognized $4 and $8, respectively, of share-based compensation on options held by officers (2025; $4 and $8, respectively) and paid no directors' fees (2025; $nil and $15, respectively). At June 30, 2026, directors and officers held 31,060 common shares and 4,250 stock options, of which 4,042 were vested (December 31, 2025 – 37,220 shares and 6,450 options, of which 4,033 vested).

The ELL Note is supported by a guarantee provided by DICL, a related party, for a fee based on a percentage of the note's principal (see Notes 21). The Company has also identified other close family members of key management personnel that currently represent lenders to the Company during its review of related party disclosures in accordance with IFRS and Securities and Exchange Commission protocols. The list of family members is non exhaustive and does not preclude other family members from being considered as close family members. Refer to Note 21 for details notes payable due by the Company to lenders deemed to be related parties.

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments and its objectives, policies and processes for managing credit, liquidity, interest rate, foreign currency and capital risk are described in Note 29 to the Company's annual financial statements for the year ended December 31, 2025. There were no significant changes to the Company's risk management objectives or policies during the six months ended June 30, 2026. The Company's quantitative exposures as at June 30, 2026, are summarized below.

Fair value. The carrying values of accounts receivable, accounts payable and accrued liabilities, notes receivable and notes payable approximate their fair values due to their short maturities. The Company's investment in One Plant (note 18) and the PD and HEH Notes are measured at fair value using Level 3 inputs (see Note 9).

Credit risk. Accounts receivable were $13,473 at June 30, 2026 (December 31, 2025; $8,317), net of an expected credit loss provision of $4,828 (December 31, 2025; 3,417). Notes receivable were $50,090 (December 31, 2025; $37,448) (Note 9).

Liquidity risk. At June 30, 2026, the Company held cash and cash equivalents of $5,278 (December 31, 2025; $4,567) against current liabilities of $36,460 (December 31, 2025; $133,955).

Interest rate risk. Interest rates on the Company's notes payable are fixed under the respective contracts, so the Company's interest rate risk exposure is limited.

Foreign currency risk. The Company is exposed to foreign currency risk on financial assets and liabilities denominated in a currency other than the relevant entity's functional currency, principally the U.S. dollar, arising mainly through U.S.-dollar cash, receivables and notes payable held by its subsidiaries. The Company does not use derivatives to manage this exposure.

Effective April 1, 2026, on the loss of control of the Florida operations (note 3), the Company derecognized U.S.-dollar denominated notes payable and convertible debentures with an aggregate carrying amount of $96,362, being $42,514 of notes payable and $53,848 of convertible debentures. As all of these instruments were denominated in U.S. dollars, their derecognition materially reduced the Company's net U.S.-dollar liability position and, accordingly, its sensitivity to movements in the U.S. dollar exchange rate compared with the prior year end. The Company's remaining U.S.-dollar exposure arises principally from notes payable of its continuing operations, which continue to be retranslated at each reporting date.

Based on the net monetary position at the reporting date, a strengthening of the U.S. dollar against the Canadian dollar would increase net loss for the period, and a weakening would have an equal and opposite effect; the comparative period is affected consistently.

Capital management. At June 30, 2026, the Company had a shareholders' deficit of $227,199 (December 31, 2025; $240,968), including an accumulated deficit of $582,381. The Company's capital management policies were unchanged during the period, and the Company is not subject to externally imposed capital requirements.

28. CONTINGENCIES AND COMMITMENTS

A. CLAIMS AND LITIGATION

Pharmaco Inc. "(Pharmaco"), previously acquired by the Company on February 7, 2022, and classified as a disposal group as of December 31, 2024, was placed under receivership on December 26, 2024, following uncured defaults under its senior secured loan agreement with Royal Group Resources Ltd. ("RGR"). On March 5, 2025, the Company's subsidiary, Red White & Bloom Michigan (2024), Inc., was confirmed by the presiding court authority as the successful bidder for the assets of Pharmaco. The purchase price for the assets was $8,850. On March 28, 2025, the court approval of the bid for the assets was formally confirmed with the expiry of a mandated appeal period for the benefit of all unsecured creditors of Pharmaco. A Release and Discharge Agreement was executed on March 29, 2025, which facilitated the settlement of debt obligations, being the RGR Credit Facility, between RGR and Pharmaco. In consideration of the receipt of the asset sale proceeds of $8,850, RGR agreed to terminate the RGR Credit Facility, release all borrowers from their repayment obligations, and discharge all security interests, with the understanding that Pharmaco's capacity to repay was limited to the $8,850 in sale proceeds. On June 9, 2025, a motion to terminate the Pharmaco receivership was filed with the presiding court authority by the receiver-in-charge confirming that the receiver had, in its opinion, completed its mandate of liquidating substantially all Pharmaco's assets with the proceeds distributed to RGR. In addition, as of the motion filing date, substantially all Pharmaco's contracts and agreements had been terminated and the interests of unsecured creditors addressed to the fullest extent possible. On June 25, 2025, formal approval of the motion to terminate was issued by the presiding court. As of the date of these financial statements, a final discharge of the receivership remains pending with RGR.

In the normal course of business, the Company is involved in various legal proceedings, the outcomes of which cannot be determined at this time, and, accordingly, no provision has been recorded in these Condensed Interim Consolidated Financial Statements. Management believes that the resolutions of these proceedings will not have a material unfavorable effect on the Company's Condensed Interim Consolidated Financial Statements.

B. CONTINGENCIES

The Company may be contingently liable with respect to claims incidental to the ordinary course of its operations. In the opinion of management, as of the date of the financial statements, and based on management's consultation with legal counsel, the ultimate outcome of any such matters will not have a material adverse effect on the Company. Accordingly, no provision has been made in Financial Statements for losses, if any, which might result from the ultimate disposition of these matters should they arise. The Company continues to proactively monitor risks in this regard to ensure it has accounted for any and all material liabilities that may arise.

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, sanctions, restrictions on its operations, or losses of licenses and permits that could result in the Company ceasing operations in that specific state or local jurisdiction. While management believes that the Company is in compliance with presiding municipal and state regulations, these regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to costs associated with a potential breach of the aforementioned regulations that could include but are not limited to fines, penalties, taxes, or operating restrictions.

29. SEGMENTED RESULTS

The Company's reportable segments — Corporate, Distribution, Licensing, Retail and Other — and the basis on which the chief operating decision maker assesses performance and allocates resources (revenues, gross profit and net income (loss)) are described in Note 31 to the Company's annual financial statements for the year ended December 31, 2025. There were no changes to the basis of segmentation or measurement during the three and six months ended June 30, 2026.

3 months ended June 30, 2026	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
Sales revenue	-	6,263	69	1,144	-	7,476
Cost of goods sold	-	4,187	-	329	-	4,516
Gross profit before fair value adjustments	**-**	**2,076**	**69**	**815**	**-**	**2,960**
Gross profit % before fair value adjustments	**0%**	**33%**	**0%**	**71%**	**0%**	**40%**
Unrealized changes in fair value of biological assets	-	(355)	-		-	(355)
Realized fair value amounts included in inventory sold	-	2,586	-		-	2,586
Total Gross Profit (loss)	**-**	**4,307**	**69**	**815**	**-**	**5,191**
Total gross Profit (%)	0%	69%	100%	71%	0%	69%
Total operating expenses	1,164	6,386	8	444	333	8,335
Total other expenses (income)	9,760	(525)	4	383	-	9,622
Profit (loss) before Income Taxes	(10,924)	(1,554)	57	(12)	(333)	(12,766)
Income tax	-	7,523	-	310	-	7,833
Net profit (loss) from continuing operations	**(10,924)**	**5,969**	**57**	**298**	**(333)**	**(4,933)**
Loss from discontinued operations	-	-	-	-	16,439	16,439
Net loss for the year	**(10,924)**	**5,969**	**57**	**298**	**16,106**	**11,506**
Net profit (loss) from continuing operations attributed to:						
Red White and Bloom	(10,924)	5,969	57	(1,283)	(333)	(6,514)
Non-controlling interests	-	-	-	1,581	-	1,581

3 months ended June 30, 2025	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
Sales revenue	-	11,026	200	3,053	-	14,279
Cost of goods sold	-	6,442	20	1,416	-	7,878
Gross profit before fair value adjustments	**-**	**4,584**	**180**	**1,637**	**-**	**6,401**
Gross profit % before fair value adjustments						
Unrealized changes in fair value of biological assets	-	17	-	-	-	17
Realized fair value amounts included in inventory sold	-	(2,610)	-	(112)	-	(2,722)
Total Gross Profit (loss)	**-**	**1,991**	**180**	**1,525**	**-**	**3,696**
Total gross Profit (%)	0%	18%	90%	50%	0%	26%
Total operating expenses	1,276	4,620	221	1,307	183	7,607
Total other expenses (income)	14,783	(919)	101	278	401	14,644
Profit (loss) before Income Taxes	(16,059)	(1,710)	(142)	(60)	(584)	(18,555)
Income tax	-	-	-	-	304	304
Net profit (loss) from continuing operations	**(16,059)**	**(1,710)**	**(142)**	**(60)**	**(280)**	**(18,251)**
Loss from discontinued operations	-	-	-	-	(1,350)	(1,350)
Net loss for the year	**(16,059)**	**(1,710)**	**(142)**	**(60)**	**(1,630)**	**(19,601)**
Attributed to:						
Red White and Bloom	(16,059)	(1,710)	(142)	1,290	(1,630)	(18,251)
Non-controlling interests	-	-	-	-	-	-

6 months ended June 30, 2026	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	16,997	69	2,471	-	19,537
Cost of goods sold	-	12,036	-	952	-	12,988
Gross profit before fair value adjustments	**-**	**4,961**	**69**	**1,519**	**-**	**6,549**
Gross profit % before fair value adjustments	**0%**	**29%**	**0%**	**61%**	**0%**	**34%**
Unrealized changes in fair value of biological assets	-	(249)	-		-	(249)
Realized fair value amounts included in inventory sold	-	1,843	-	(278)		1,565
Total Gross Profit (loss)	**-**	**6,555**	**69**	**1,241**	**-**	**7,865**
Total gross Profit (%)	0%	39%	100%	50%	0%	40%
Total operating expenses	2,336	8,987	38	594	987	12,942
Total other expenses (income)	16,297	(1,039)	4	1,703	-	16,965
Profit (loss) before Income Taxes	(18,633)	(1,393)	27	(1,056)	(987)	(22,042)
Income tax	-	6,842	-		-	6,842
Net profit (loss) from continuing operations	**(18,633)**	**5,449**	**27**	**(1,056)**	**(987)**	**(15,200)**
Loss from discontinued operations	-	-	-	-	12,331	12,331
Net loss for the year	**(18,633)**	**5,449**	**27**	**(1,056)**	**11,344**	**(2,869)**
Attributed to:						
Red White and Bloom	(18,633)	5,449	27	(1,056)	(987)	(15,200)
Non-controlling interests	-	-	-	-	-	-
As at 30-Jun-26						
Intercompany balances	454,888	(304,729)	(653)	(142,406)	(7,100)	-
Total assets	(82,015)	(4,000)	(209,009)	16,995	458,139	180,110
Total non-current assets	765	18,080	-	51,478	4,852	75,175
Total liabilities	2,068	17,172	2,045	382,891	3,132	407,308
Total non-current liabilities	-	-	-	369,209	1,641	370,850
% of sales revenue	0%	87%	0%	13%	0%	100%
% of loss for the period	95%	0%	0%	5%	0%	100%
% of income for the period	0%	32%	0%	0%	67%	100%

6 months ended June 30, 2025	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	24,289	1,045	6,115	-	31,449
Cost of goods sold	-	14,916	76	3,050	-	18,042
Gross profit before fair value adjustments	**-**	**9,373**	**969**	**3,065**	**-**	**13,407**
Unrealized changes in fair value of biological assets	-	(33)	-	1	-	(32)
Realized fair value amounts included in inventory sold	-	(5,021)	-	(119)	-	(5,140)
Total Gross Profit	**-**	**4,319**	**969**	**2,947**	**-**	**8,235**
Total Gross Profit (%)	0%	18%	93%	48%	0%	26%
Total Operating Expenses	2,533	8,985	541	2,643	309	15,011
Total other expenses	16,185	(1,466)	104	454	1,030	16,307
Loss before Income Taxes	(18,718)	(3,200)	324	(150)	(1,339)	(23,083)
Income tax	-	(1,230)	41	-	(423)	(1,612)
Net loss from continuing operations	**(18,718)**	**(4,430)**	**365**	**(150)**	**(1,762)**	**(24,695)**
Loss from discontinued operations	-	-	-	-	11,742	11,742
Net loss for the year	**(18,718)**	**(4,430)**	**365**	**(150)**	**9,980**	**(12,953)**
Attributed to:						
Red White and Bloom	(18,718)	(4,430)	365	(150)	(1,762)	(24,695)
Non-controlling interests	-	-	-	-	-	-
As at 31-Dec-31						
Intercompany balances	399,674	(242,679)	(38,735)	(73,158)	(45,102)	-
Total assets	565,635	(146,254)	1,525	105,536	(299,696)	226,746
Total non-current assets	164,656	20,049	40,037	160,112	(262,408)	122,446
Total liabilities	284,752	25,785	(94)	119,563	37,708	467,714
Total non-current liabilities	278,952	20	(207)	22,994	32,000	333,759
% of sales revenue	0%	77%	3%	19%	0%	100%
% of loss for the period	80%	19%	0%	1%	0%	100%
% of income for the period	0%	0%	4%	0%	96%	100%

30. DISCONTINUED OPERATIONS

The Company's discontinued operations comprise its wholly owned subsidiaries Red White Bloom Florida Inc., RWB Florida, LLC, Mid-American Growers, Inc., Real World Business Integration, LLC, Vista Prime Management, LLC, GC Ventures 2, LLC, Vista Prime 3, Inc., Royalty USA Corp., RWB Illinois, Inc. and Pharmaco Inc. These operations were disposed of or wound down in prior periods and continue to be presented separately from continuing operations. Residual activity during the three months ended June 30, 2026, was limited to the run-off of remaining obligations and wind-down costs and resulted in a net loss from discontinued operations of $117 (2025; $1,275). As the residual loss is immaterial to the Company's results and financial position, a detailed breakdown of the components of discontinued operations has not been presented for the current period.

	3 months ended 30-June-26	3 months ended 30-Jun-25	6 months ended 30-Jun-26	6 months ended 30-Jun-25
	$	$	$	$
Revenue	(1,881)	2,126	-	4,148
Cost of sales	(713)	824	-	2,549
Gross profit (loss)	(1,168)	1,302	-	1,599
Unrealized changes in fair value of biological assets	-	(317)	-	(93)
Realized fair value amounts included in inventory sold	-	(1,715)	-	(2,494)
Gross profit after fair market value adjustments	**(1,168)**	**(730)**	**-**	**(988)**
General and administration	(1,131)	1,530	106	3,182
Sales and marketing	(22)	72	-	17
Depreciation and amortization	(777)	555	-	1,074
Bad debt expense (recovery)	(4)	-	-	4
Loss from operations before other expenses	**766**	**(2,887)**	**(106)**	**(5,265)**
Other expenses (income)	(684)	(28)	(697)	(166)
Finance expenses	(3,231)	2,387	-	5,269
Accreted interest: leases	-	613	-	1,249
(Gain) loss on disposal - capital assets	-	-	-	(788)
(Gain) loss on debt settlement	-	(1,606)	-	(18,924)
(Gain) loss on investment	(11,740)	-	(11,740)	-
Unrealized/realized (gain) loss on foreign exchange	(18)	-	-	18
Net loss before taxes from discontinued operations	**16,439**	**(4,253)**	**12,331**	**8,077**
Current income tax (recovery) expense	-	(3,207)	-	(3,783)
Deferred income tax (recovery) expense	-	304	-	118
Net loss from discontinued operations	**16,439**	**(1,350)**	**12,331**	**11,742**

31. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Changes in items not involving cash are as follows:

Items not involving cash:	Notes	6 months ended 30-Jun-26	6 months ended 30-Jun-25
		$	$
Accreted interest on leases	17	87	99
Depreciation of right-of-use assets	17	120	120
Depreciation of property, plant and equipment	16	3,510	648
Non-cash items attributable to discontinued operations	30	(7,625)	10,888
Disposal of right-of-use assets	17	142	-
Accrued interest on notes payable	21	20,239	13,265
Accrued interest on convertible debentures	21	(784)	447
Accreted interest on convertible debentures	21	1,375	-
Accrued interest on credit facility held for sale	21	834	-
Accrued interest on interest receivable	9	(1,381)	-
Loan forgiveness on notes payable	9	-	(5,804)
Gain/(Loss) on disposal of ROU assets	9	34	-
Stock based compensation	22	17	10
Realized fair value (gain) loss in cost of goods sold	13	489	5,140
Fair value adjustment on biological assets	13	(1,123)	32
Gain on discharge of credit facility in discontinued operation	30	-	(9,770)
Gain on payables on receivership in discontinued operation	30	-	(10,188)
Addition to leases	17	-	1,141
Items not involving cash:		**15,933**	**6,027**

32. RECLASSIFICATIONS

The Company classified certain subsidiary operations as discontinued operations in accordance with IFRS 5. To enhance comparability, the accompanying the below tables present amounts that have been reclassified to conform with the current period presentation of discontinued operations.

The following amounts have been reclassified from continuing operations to discontinued operations for all periods presented:

- Revenues and expenses of the discontinued subsidiaries have been removed from their respective line items in the consolidated statements of profit and loss and presented separately as discontinued operations.

- Cash flows of the discontinued subsidiaries have been separately disclosed as discontinued operations in the consolidated statements of cash flows

Refer to note 14 for assets and liabilities held for sale and note 30 for net income (loss) related to discontinued operations.

A. **RECLASSIFICATIONS IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE PROFIT AND PROFIT AND LOSS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025**

3-months ended June 30, 2026	Note	Originally presented	Upon reclassification	Variance
Sales revenue	24	16,405	14,279	2,126
Cost of goods sold, before fair value adjustments	-	8,702	7,878	824
Gross Profit before fair market value adjustments	**-**	**7,703**	**6,401**	**1,302**
Unrealized changes in fair value of biological assets	-	(300)	17	(317)
Realized fair value amounts included in inventory sold	-	(4,437)	(2,722)	(1,715)
Gross profit after fair market value adjustments		**2,966**	**3,696**	**(730)**
General and administration	25	6,895	5,663	1,232
Marketing expenses	-	1,348	1,276	72
Share-based compensation	22	22	22	-
Depreciation and amortization (note 15, 16)	15, 16, 17	623	68	555
Bad debt expense	8	578	578	-
Total Operating Expenses		**9,466**	**7,607**	**1,859**
Loss from operations before other expenses	-	(6,500)	(3,911)	(2,589)
Interest earned on promissory notes	21	(861)	(861)	-
Other income	-	(175)	(175)	-
Finance expense	21	(61)	(67)	6
Accreted interest, leases	17	661	48	613
Interest on convertible notes	21	1,308	-	1,308
Interest on promissory notes	21	8,840	7,772	1,068
Acquisition costs	6	14	14	-
Business transaction costs	-	19	19	-
Inventory adjustments	-	174	174	-
Foreign exchange	-	7,720	7,720	-
Total other expenses (income)		**17,639**	**14,644**	**2,995**
Profit (loss) before income taxes	-	(24,139)	(18,555)	(5,584)
Deferred income tax expense (recovery)	-	304	304	-
Net loss from continuing operations		**(23,835)**	**(18,251)**	**(5,584)**
Profit (loss) from discontinued operations	30	4,234	(1,350)	5,584
Net loss for the period		**(19,601)**	**(19,601)**	**-**

6-months ended June 30, 2026	Notes	Originally presented	Upon reclassification	Variance
Sales revenue	24	35,597	31,449	4,148
Cost of goods sold, before fair value adjustments	-	20,591	18,042	2,549
Gross Profit before fair market value adjustments		**15,006**	**13,407**	**1,599**
Unrealized changes in fair value of biological assets	-	(125)	(32)	(93)
Realized fair value amounts included in inventory sold	-	(7,634)	(5,140)	(2,494)
Gross profit after fair market value adjustments		**7,247**	**8,235**	**(988)**
General and administration	25	13,355	10,997	2,358
Marketing expenses	-	2,643	2,626	17
Share-based compensation	22	43	43	-
Depreciation and amortization	15,16,17	1,235	161	1,074
Bad debt expense	8	1,184	1,184	-
Total Operating Expenses		**18,460**	**15,011**	**3,449**
Loss from operations before other expenses	**-**	**(11,213)**	**(6,776)**	**(4,437)**
Interest earned on promissory notes	21	(1,585)	(1,585)	-
Interest income	-	(6)	(6)	-
Other income	-	(5,975)	(5,943)	(32)
Finance expense	21	(24)	(33)	9
Accreted interest, leases	17	1,348	99	1,249
Interest on convertible notes	21	3,023	409	2,614
Interest on promissory notes	21	16,981	14,850	2,131
Acquisition costs	6	19	19	-
Business transaction costs	-	59	59	-
Gain on investments	18	340	340	-
Inventory adjustments	-	174	174	-
Foreign exchange	-	7,924	7,924	-
Total other expenses (income)		**22,278**	**16,307**	**5,971**
Profit (loss) before income taxes	-	(33,491)	(23,083)	(10,408)
Current income tax expense (recovery)	-	(2,145)	(2,025)	(120)
Deferred income tax expense (recovery)	-	599	413	186
Net loss from continuing operations		**(35,037)**	**(24,695)**	**(10,342)**
Profit (loss) from discontinued operations	30	22,084	11,742	10,342
Net loss for the period		**(12,953)**	**(12,953)**	**-**

33. SUBSEQUENT EVENTS

A. Heal Europe Holdings Inc.

On August 10, 2026, the Company and Heal Europe Holdings Inc. ("HEH") entered into a first amendment to the HEH Credit Facility providing for a non-revolving additional advance of $3,000, increasing aggregate principal outstanding under the HEH Credit Facility to $18,700.

B. Deconsolidation of Florida Operating Entities

Late in 2026-Q1, the Company's senior secured lender, Royal Group Resources Ltd. ("RGR"), completed the sale of a senior secured promissory note and related security interests issued by RWB Florida, LLC together with all intercompany debt instruments issued by Red White & Bloom Florida Inc. (together with RWB Florida, LLC referenced as "RWB Florida") to M&V Investments, LLC ("M&V"). In addition, the Company completed the transfer of all its majority equity interests in RWB Florida to a corporation related to M&V. The transaction was completed with the primary economic benefit to the Company consisting of M&V assuming the obligations underlying all guarantees previously provided by the Company and its affiliates on behalf of RWB Florida, in addition to the Company and its affiliates obtaining full and unconditional releases from those guarantees from the applicable counterparties. These include guarantees relating to indebtedness incurred in connection with the Company's acquisition and subsequent funding of the Florida operations, certain retail lease guarantees, and the surety bond related to the Florida MMTC license. Jurisdictional regulatory authorities granted regulatory approval of the change of control of the licensed RWB Florida operations in June 2026. The approval was granted in the exercise of its sole regulatory discretion. Licensed operations conducted by RWB Florida continued uninterrupted throughout the regulatory review process.

The Company has reflected the deconsolidation of RWB Florida, LLC and Red White & Bloom Florida Inc. ("RWB Florida") in its condensed interim consolidated financial statements for the three and six months ended June 30, 2026, in accordance with IFRS 10, *Consolidated Financial Statements*. Management has determined that control of RWB Florida, within the meaning of IFRS 10, transferred to M&V effective April 1, 2026, being the date on which M&V assumed responsibility for directing the relevant activities and funding RWB Florida, and became exposed to the variable returns of the business. The Company does not retain a continuing obligation to fund RWB Florida's operations, nor has it retained any equity interest in RWB Florida.

C. Board of Director Changes

Effective January 12, 2026, a founding director of the Company resigned from the Board of Directors to pursue other business interests. Concurrent with the resignation, and confirmed by the Company on January 13, 2026, the Board appointed a new director effective January 12, 2026, ensuring continuity of governance and uninterrupted Board oversight through the transition.

The directors of the Company are elected annually and hold office until the next annual general meeting ("AGM") of shareholders or until their successors are duly elected or appointed. Subsequent to the reporting period end, the number of directors was fixed at four from six, and two directors were resigned.

D. Restructuring of Michigan Distribution Operations

RWB Michigan, LLC ("RWB Michigan"), an affiliate of the Company, has been the subject of a state-sponsored receivership since October 15, 2025, as a result of a complaint filed by Royal Group Resources Ltd. with the Oakland County Circuit Court on October 14, 2025. The genesis of the complaint was a default by RWB Michigan under the terms of the RGR USD Grid Note.

The Company completed a court-approved restructuring of its Michigan distribution operations through a series of related transactions, as follows:

On November 19, 2025, the Oakland County Circuit Court approved the terms of a sale of select assets of RWB Michigan, pursuant to a court-approved purchase and sale agreement, to MPV Wellness Inc., ("MPV"), a newly incorporated, wholly owned affiliate of the Company. Total consideration for the purchase was US$3,000. Funding of the purchase was completed after the expiry of a 30-day receiver-mandated waiting period. The assets acquired in this initial tranche included inventory and the assumption of lease contracts. No other liabilities of RWB Michigan were assumed by MPV as part of this or any subsequent transaction.

On March 13, 2026, MPV executed the purchase of the balance of select RWB Michigan assets, including accounts receivable, notes receivable and fixed assets, for total cash consideration of US$20.4 million. Court approval for the sale was secured by the court-appointed receiver on March 26, 2026.

On April 28, 2026, upon expiry of a receiver-mandated clearing period, MPV funded the purchase and completed the Michigan restructuring initiative. On June 10, 2026, the Oakland County Circuit Court approved the receiver's motion to terminate the state-sponsored receivership. Termination of the receivership, as approved by the Oakland County Circuit Court, confirms the extinguishment of liabilities held by RWB Michigan as of the date of filing of the receivership.

The transactions between the Company and MPV represent transfers of assets between entities under common control. Management has elected to account for these transfers at carrying value in the Condensed Interim Consolidated Financial Statements, consistent with the Company's accounting policy for common control transactions.

Financing and investing activities

Advances on existing notes

Subsequent to June 30, 2026, the Company received advances of USD $6,000 and CAD $3,000 under the RGR USD Grid Note and the RGR CAD Grid Note, respectively. Proceeds were used to execute advances on the HEH and PD Notes and for working capital requirements.

Settlement of OPRC Note Receivable

On January 31, 2025, One Plant (Retail) Corp. ("OPRC") settled in full its $3,000 promissory note dated May 17, 2024, payable to Aleafia Retail Inc., a wholly owned subsidiary of the Company. The note bore interest at 8.00% per annum and was scheduled to mature on May 31, 2027. OPRC elected to repay all outstanding principal and accrued interest in advance of the maturity date, having secured more favourable financing terms. Upon receipt of payment, the note and all related security were discharged in accordance with the terms of the note.

E. Status as a US Exchange Act Registrant and US Trading in our Common Stock

In September 2023, the U.S. Securities and Exchange Commission (SEC) initiated proceedings to de-register the Company's common stock under Section 12(j) of the Securities Exchange Act of 1934 due to historical filing deficiencies under prior management. As the Company does not trade on exchanges requiring SEC registration and does not intend to pursue such listings in the near term, it elected to settle rather than contest the proceedings. The SEC order suspending trading became effective November 7, 2023.

On March 18, 2024, the Company finalized a settlement with its former auditors addressing the underlying matters that had prevented resolution of the filing deficiencies. The Company subsequently engaged a new audit services provider to complete the outstanding audit engagements, which remain in progress as of the date of these financial statements.

Upon completion of these audits and satisfaction of the related SEC consent requirements, the Section 12(j) order will be lifted, and the Company intends to re-file a registration statement on Form 20-F, concurrent with reactivating its OTC marketplace listing. Once SEC and OTC compliance matters are fully resolved, the Company intends to seek cancellation of its SEC registration, as registration is not required to maintain its status as a foreign private issuer on OTC Markets. The Company will continue to provide shareholders with updates as these matters progress.