Red White & Bloom Brands Inc.

Management Discussion and Analysis

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

Dated August 31, 2026

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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

The following Management Discussion and Analysis ("MD&A") may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "projected", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", or "occur", or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Certain forward-looking statements in this MD&A include, but are not limited to, the following:

- the performance of the Company's business and operations.
- the expected timing and projected cost or synergies realized from the Company's business objectives and initiatives including its expansion plans; both organic and acquisitive.
- the business strategies of the Company.
- the impact of the ongoing introduction of new branded cannabis product offerings.
- the impact of ongoing and prospective cost savings initiatives.
- the impact of laws and regulations maintained by various levels of government (existing, proposed, or amended) including but not limited to those impacting operating licenses to conduct business activities in relevant jurisdictions, domestic and international, within the cannabis industry.
- expectations regarding production quality and capacity including the Company's performance at its various cultivation and processing facilities.
- expectations regarding relevant cannabis market conditions, including regulatory, specific to jurisdictions in which the Company legally operates or intends to operate in.
- the competitive conditions of the cannabis industry in the United States, Canada and internationally.
- the state of banking regulations in the United States as it relates to the cannabis industry.
- the rescheduling of cannabis under the Controlled Substances Act as overseen by the US Drug Enforcement Agency.
- the intention of the Company to complete any offering of securities (in any form) or debt (in any form) issued by the Company.

There can be no assurance that the conditions as well as other factors will not affect the accuracy of forward-looking statements made by the Company regarding the anticipated performance of its business. Such factors include, but are not limited to, the Company's ability to obtain financing from external resources in whatever form, the general impact of capital and commercial market conditions that may impact the Company and its consumers, the yield from captive cultivation operations, product demand in channels to market that the Company currently services or intends to service in future periods as part of its business initiatives, changes in prices of key manufacturing inputs such as raw materials and services outsourced by the Company to facilitate the production of finished goods, the impact of competition in jurisdictions which the Company operates or is targeting to operate in, and relevant government regulations including, but not limited to, those that garner the potential reclassification or de-scheduling of cannabis as a Schedule 1 narcotic under the US Federal Controlled Substances Act.

Readers are encouraged to reference the Company's public filings, overseen by Canadian securities regulators, which can be accessed on Sedar+ at www.sedarplus.ca.

NON-IFRS AND SUPPLEMENTARY FINANCIAL OR OPERATING MEASURES

The Company currently references non-IFRS and supplementary financial or operating measures, including, but not limited to, EBITDA and Adjusted EBITDA. These measures do not have a standardized definition prescribed by IFRS and are most likely not comparable to similar measures presented by other public company issuers including those operating in the cannabis industry. Non-IFRS measures provide investors with additional insights into the Company's financial and operating performance which may not be garnered from traditional IFRS measures. The management of the Company, including its key decision makers, use non-IFRS measures in assessing the Company's financial and operating performance.

EBITDA, as defined by the Company, means earnings before interest, income taxes, depreciation, and amortization. The Company calculates Adjusted EBITDA as EBITDA less , share based compensation, gains or losses on evaluation of financial instruments, gains or losses on asset disposals, unrealized changes in fair value of biological assets, realized fair value amounts included in inventory sold, gains or losses on settlement or extinguishment of debt, gains or losses on investments, gains or losses on discontinued operations, expected credit losses and bad debt expense, acquisition costs, business transaction costs, carrying costs associated with dormant tangible assets, and non-recurring expenses such as termination costs, legal costs, non-recurring inventory write-offs, costs associated with corporate restructuring of operations, penalties and late fees.

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Red White & Bloom Brands Inc. (the "Company" or "RWB") provides a review of the Company's operations and financial performance for the three and six months ended June 30, 2026 (”2026-Q2 or "2026-YTD"), with comparative information for the fiscal year ended December 31, 2025 ("2025-YE”), three and six months ended June 30, 2025 (2025-Q2 or "2025-YTD"). This MD&A should be read in conjunction with the Company's Unaudited Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2026, and the Company’s Audited Consolidated Financial Statements for the year ended December 31, 2025 (the "Financial Statements").

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee ("IFRIC"). All references to the Company in this MD&A include its subsidiaries, where applicable.

Unless otherwise indicated, all tabular amounts are presented in thousands of Canadian dollars, and all other amounts are presented in millions of Canadian dollars.

This MD&A has been reviewed by the Company's Audit Committee and approved by its Board of Directors on August 31, 2026. The Financial Statements and this MD&A are available on SEDAR+ at www.sedarplus.ca.

COMPANY OVERVIEW AND STRATEGY

Company Overview

Red White & Bloom Brands Inc. was incorporated on March 12, 1980, pursuant to the Business Corporations Act, British Columbia. The shares of the Company are traded on the Canadian Stock Exchange under the trading symbol “RWB”. The Company’s head office and registered office is located at 1890 - 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

As of 2026-YTD, the Company has established a robust, multi-faceted operational framework spanning key North American cannabis markets. Our business is strategically positioned across four dynamic revenue streams:

1. **Premium Distribution Network** - Delivering both proprietary and partner cannabis products directly to licensed retailers across adult-use and medical channels
2. **Direct-to-Patient Retail Excellence** – Operating a full-service medical platform offering an enhanced patient journey, including patient counselling, with curated selections of branded and non-branded cannabis products.
3. **Vertically Integrated Supply Chain** - Maintaining captive cultivation, processing, packaging, and procurement operations that ensure quality control and margin optimization across our distribution, retail, and licensing operating segments.
4. **Brand Equity** - Strategically extending our market-leading brands through various forms of arm's length distribution and partnerships.

The Company operates across key North American cannabis markets, with established distribution operations in the U.S. states of Michigan, and California, with commercial and licensing partnerships extending our distribution reach into strategic legal states. Our Canadian operations, now including the acquired Ayurcann distribution operations (refer to *Recent Developments*), have strengthened our North American footprint and enabled the successful expansion of our Platinum brand portfolio into Canada's established cannabis marketplace in addition to introducing established Ayurcann brands into our North American distribution network. Our integrated platform now delivers significant commercial, operational, and administrative synergies across both U.S. and Canadian markets. In Canada, we service well-established adult-use

distribution channels, medical channels, and both domestic and increasingly expanding international wholesale channels. Our expanded brand portfolio now includes Platinum, Platinum Vape, Emblem, Divvy, Fuego, Happy & Stoned, and Xplor each of which offer innovative, consumer-focused products across multiple product categories. This comprehensive market presence positions our company as a truly integrated North American cannabis operator with the scale and infrastructure to serve diverse consumer segments across a broad domestic and international footprint.

Company Strategy

The Company is strategically positioned to accelerate US, Canadian and international expansion of its distribution and retail operations through both organic and acquisitive means. At the core of this strategy is our portfolio of premium cannabis brands, including:

Platinum and Platinum Vape anchor the Company's brand portfolio and are available in both the United States and Canada. That foundation was broadened in early 2024 with the addition of Divvy and Emblem through the Aleafia Acquisition, and expanded again on June 5, 2026, with the acquisition of Ayurcann, which brought the Fuego, Happy & Stoned and Xplor brands into the portfolio. Together, these transactions have assembled a multi-brand North American platform spanning flower, pre-rolls, vapes and extracts, positioning the Company to compete across price tiers and product formats in both the Canadian recreational and medical channels and the U.S. state-licensed markets it serves.

Across both markets, the Company competes on product quality and consistency. Its branded and non-branded offerings are supported by disciplined procurement, standardized production processes and quality assurance protocols applied across its facilities, which the Company believes are central to maintaining shelf position with provincial boards and retail partners in Canada and with dispensary customers in the United States.

DESCRIPTION OF THE BUSINESS

Distribution

The Company is committed to the production, sale, and distribution of both adult-use and medical cannabis products to licensed retailers.

In Michigan, operations are anchored by a multifunctional facility primarily distributing its premium Platinum and PV branded cannabis products in addition to DIVVY branded cannabis products, across both adult-use and medical markets, serving a multitude of licensed retailers throughout the state. This solidifies the Company’s position as a leading supplier within Michigan’s first-mover cannabis market.

In California, the Company distributes a full line of Platinum and PV branded cannabis products through partnerships with local, best-in-class contract manufacturers, distributors, and sales agents. The Company's focus in California remains the distribution of primarily Platinum branded adult-use cannabis products to licensed retailers in one of the United States' largest cannabis markets.

The Company's Canadian operations, now including the Ayurcann distribution operations (refer to *Recent Developments)* have become an integral component of our North American cannabis platform. Our Canadian assets include two licensed cultivation facilities located in Paris, Ontario, and two processing facilities located in Paris and Pickering, Ontario. Our cultivation operations feature one of Canada's largest outdoor cannabis cultivation operations. These facilities, and the staff that are integral to their consistent operation, have significantly enhanced our cultivation, processing, and extraction capabilities, supporting expanded distribution of both adult-use and medical branded cannabis products to licensed retailers, with over 362 combined in-market product listings across multiple provincial jurisdictions, and 10,107 registered patients throughout Canada's federally regulated marketplace.

The Company continues to focus on optimizing commercial and operational initiatives across our combined Canadian and U.S. operations to capture material synergies. This strategic coordination has enabled us to continue to capitalize on best practices, streamline operational processes, leverage our supply chain for competitive pricing on product inputs, and capitalize on commercial opportunities through mutual branded product offerings.

Licensing

The Company complements its core distribution operations with an asset-light licensing model. It partners with select, third-party, strategic, licensed distributors in target U.S. markets, supplying non-THC branded inputs, and granting exploitation rights associated with the use of the non-THC inputs which permits licensees with established distribution networks to manufacture, market, and distribute our branded cannabis products within these defined territories. These arrangements allow the Company to expand its brand presence in influencer states without the physical capital requirements associated with established in-state licensed operations. This strategy supports revenue diversification and leverages the strong reputation of our suite of premium cannabis brands.

Direct-to-Patient (Medical) Retail

The Company's Canadian medical cannabis operations, established through the Aleafia Acquisition in January 2024, serve over 10,107 registered patients across Canada. We are recognized for our extensive range of high-quality cannabis products, delivered under our EMBLEM, DIVVY, Platinum, and Platinum PV brands, including cultivar-specific bottled oils, topicals, and capsules, edibles and vape products. In fiscal 2026, the Company will be expanding our brand offerings to our valued patients to include the premium Ayurcann brands (Fuego, Xplor, Happy & Stoned) under select product categories. Patients can access all these products at their convenience through our online retail platform, with home delivery available across Canada. Our medical cannabis operations are supported by a dedicated patient care team with extensive years of experience, providing tailored patient support, education, and personalized treatment plans through a network of specialized physicians and nurse practitioners. We continuously align our product development initiatives with evolving patient needs, ensuring our medical cannabis offerings meet the highest standards of quality and therapeutic efficacy while serving the diverse requirements of our growing patient base across Canada.

The table below provides an overview of the Company's subsidiaries and their respective ownership as of the date of this MD&A:

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.	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

OUTLOOK

The Company continues to execute strategic growth initiatives designed to strengthen market leadership, drive operational excellence, and expand our product portfolio across core operating markets. Our strategic roadmap centres on several key value-creation opportunities:

- **Optimizing and Integrating North American Operations:** Following the successful integration of the Aleafia Group of companies, and now including the acquired Ayurcann distribution operations, the Company is positioned as a leading national licensed producer with cultivation capacity, expanded distribution capabilities, a premium suite of branded and non-branded cannabis product offerings marketed under reputable and established brands, and broader consumer access points. This integrated platform serves as a cornerstone for capturing both North American and international cannabis market opportunities in addition to remaining responsive to potential shifts in U.S. federal legalization policy. Management continues to realize meaningful synergies across research and development, supply chain management, channel optimization, and corporate functions.
- **Manufacturing Innovation:** Continued investment in state-of-the-art agricultural, processing and production infrastructure across its North American manufacturing footprint - encompassing leading extraction and manufacturing technologies, in addition to cultivation optimization – that will enhance speed to market for new product introductions, enable portfolio diversification across broader markets as legislation develops, and capture growing demand across emerging product segments while driving operational efficiencies and cost savings. These investments further reinforce our vertically integrated operations which support long-term sustainability.
- **Expanding Licensing Footprint:** Building on our proven licensing model, we are actively pursuing strategic partnerships across high-growth North American and international markets. Through these selective partnerships with integrated operators, we can continue to build diversified revenue streams while maintaining our capital-efficient approach to market expansion.

The Company remains focused on expanding our premium cannabis brand portfolio across global territories as both established and emerging cannabis markets continue to grow.

RECENT DEVELOPMENTS

Heal Europe Holdings Inc.

On June 30, 2026, the Company had advanced $15.7 million 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 2026-YTD, the note was in Stage 1 and no expected credit loss allowance was recognized.

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 C$3.0 million, increasing aggregate principal outstanding under the HEH Credit Facility to C$18.7 million.

Acquisition of Ayurcann Inc.

On April 12, 2026, Emblem Cannabis Corporation ("Emblem"), a wholly-owned subsidiary of the Company, was selected as the successful bidder in the Court-supervised sale and investment solicitation process (the "SISP") approved by the Ontario Superior Court of Justice (Commercial List) (the "Court") in connection with the insolvency proceedings of Ayurcann Holdings Corp. and Ayurcann Inc. (together, "Ayurcann") under the Companies' Creditors Arrangement Act (Canada) ("CCAA"). Ayurcann obtained creditor protection under the CCAA on January 30, 2026, with Alvarez & Marsal Canada Inc. appointed as Court-appointed monitor. The Court issued the Sale Process Approval Order on February 13, 2026.

On June 5, 2026, the Company was pleased to announce that, in connection with the insolvency proceedings of Ayurcann Inc. ("Ayurcann") and its parent, Ayurcann Holdings Corp. (collectively, the "Ayurcann Entities") under the Companies' Creditors Arrangement Act (the "CCAA Proceedings"), RWB's wholly owned subsidiary, Emblem Cannabis Corporation ("Emblem"), successfully closed the previously announced purchase of Ayurcann (the "Transaction").

As previously announced, Emblem was selected as the successful bidder in the sale process approved and supervised by the Ontario Superior Court of Justice (Commercial List) (the "Court") in connection with the CCAA Proceedings. The Transaction was approved by an approval and reverse vesting order of the Court in the CCAA Proceedings (the "Approval and Reverse Vesting Order"). The Transaction was structured as a share purchase pursuant to which Emblem acquired the underlying businesses including customer and vendor relationships and workforce, operating assets including a federally licensed formulation, manufacturing and packaging facility in Pickering, Ontario, and the intellectual property associated with the premium Fuego, Happy & Stoned and Xplor brands, through ownership of 100% of newly issued common shares of Ayurcann. 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. Details regarding the purchase price consideration can be found in Note 6of the Company’s condensed, unaudited condensed interim financial statements for 2026-Q2.

With the completion of the transaction, the Company has expanded its Canadian operating platform through the acquisition of a scaled and fully integrated cannabis manufacturing and brand portfolio. The acquired business includes the nationally recognized Fuego, Xplor, and Happy & Stoned brands, together with an active portfolio of more than 110 SKUs distributed through approximately 2,500 retail locations across Canada, primarily within the high growth vape and pre-roll categories. The acquisition also includes a Health Canada-licensed formulation, manufacturing and packaging facility in Pickering, Ontario, inventory and equipment, established customer and supplier relationships, distribution arrangements spanning eight provinces and territories, and all licences required to continue operating the business.

The acquisition represents a significant milestone in the Company’s strategy to build a leading vertically integrated cannabis company with operations spanning Canada and the United States in addition to enhancing the Company's manufacturing capabilities, product breadth and national distribution footprint. The acquisition is also expected to generate operational synergies across cultivation, procurement, manufacturing, logistics and administration functions, while supporting continued product innovation and new product development.

The acquisition adds a portfolio of established consumer brands that the Company believes can be expanded beyond their current Canadian footprint. Leveraging the Company's existing Canadian, U.S. and international distribution channels and strategic relationships, management intends to pursue opportunities to introduce the Fuego, Xplor and Happy & Stoned brands into additional markets where cannabis products may be legally produced, distributed and sold.

Divestiture and Deconsolidation of 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 $42.5 million were derecognized (refer to *Liquidity and Capital Resources*);
- Convertible debentures, from which U.S.-dollar denominated instruments with an aggregate carrying amount of $53.8 million were derecognized (*Liquidity and Capital Resources*);
- 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;
- Segment disclosures;
- Foreign currency risk, reflecting the removal of $96.3 million of U.S.-dollar denominated liabilities from the Company's net monetary position (*Liquidity and Capital Resources*).

Interest of $2.8 million and foreign exchange losses of $1.6 million 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 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.

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$3.0 million. 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 selected 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. This is a non-adjusting event after the reporting period within the meaning of IAS 10, Events after the Reporting Period, and accordingly no adjustments have been made to the condensed consolidated interim financial statements 2026-YTD.

Appointment of Michael DiBrina as Director

On January 13, 2026, the Company confirmed the appointment, effective January 12, 2026, of Mr. Michael Di Brina as a director of the Company. Mr. Michael Di Brina is a distinguished Canadian entrepreneur, philanthropist, and community leader whose career spans more than thirty-five years in the financial services and business sectors. As President of Di Brina Family Holdings, Mr. Michael Di Brina oversees a diverse portfolio of companies, including Gold Leaf Financial Group, that has approximately $1.1 billion assets under management, and Northern Skyline Developments, each reflecting his vision of combining business excellence with community impact. Mr. Michael Di Brina is a lifetime member of the prestigious Million-Dollar Round Table and qualifies annually for the Top of the Table, a distinction achieved by fewer than one percent of financial advisors worldwide. He holds the designation of Trust & Estate Practitioner (TEP) and has received the highest honours available to Life Underwriters, underscoring his expertise and commitment to excellence in financial services. In 2013, Mr. Di Brina was recognized as a recipient of the Bell Business Excellence award by the Sudbury Chamber of Commerce. Mr. Micheal Di Brina's accomplishments in business are matched by his dedication to community. A passionate philanthropist and civic leader, he has championed causes across healthcare, education, recreation, and elder care. In recognition of his decades of service, he was also awarded the King Charles III Coronation Medal in 2025, one of Canada's distinguished national honours. Effective January 12, 2026, Mr. Michael Marchese, a founding director of RWB, resigned from the Company's Board of Directors to pursue other business interests.

Advances on existing notes payable

Subsequent to 2026-YTD, the Company received advances of USD $6 million and CAD $3 million 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, 2026, One Plant (Retail) Corp. ("OPRC") settled in full its $3 million 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.

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.

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CONSOLIDATED FINANCIAL HIGHLIGHTS

The following summarizes results from operations for 2026-Q2 and 2025-Q2:

	2026-Q2	2025-Q2	Variance	2026-YTD	2025-YTD	Variance
	$	$	$	$	$	$
Revenue	7,476	14,279	(6,803)	19,537	31,449	(11,912)
Cost of goods sold, before fair value adjustments	4,516	7,878	(3,362)	12,988	18,042	(5,054)
Gross profit before fair value adjustments	**2,960**	**6,401**	**(3,441)**	**6,549**	**13,407**	**(6,858)**
Gross profit before fair value adjustments (%)	40%	45%	-5%	34%	43%	-9%
Unrealized changes in fair value of biological assets	(355)	17	(372)	(249)	(32)	(217)
Realized fair value amounts included in inventory sold	2,586	(2,722)	5,308	1,565	(5,140)	6,705
Gross Profit	**5,191**	**3,696**	**1,495**	**7,865**	**8,235**	**(370)**
Gross profit (%)	69%	26%	44%	40%	26%	14%
General and administration	3,902	5,663	-1,761	7,859	10,997	-3,138
Marketing expenses	2,166	1,276	890	3,417	2,626	791
Share-based compensation	7	22	(15)	18	43	(25)
Depreciation and amortization	196	68	128	359	161	198
Bad debt expense	2,064	578	1,486	1,289	1,184	105
Total operating expenses	**8,335**	**7,607**	**728**	**12,942**	**15,011**	**(2,069)**
Loss from operations before other expenses or income	**(3,144)**	**(3,911)**	**767**	**(5,077)**	**(6,776)**	**1,699**
Total other (income) expenses	9,622	14,644	(5,022)	16,965	16,307	658
Net income (loss) before income taxes	**(12,766)**	**(18,555)**	**5,789**	**(22,042)**	**(23,083)**	**1,041**
Current income tax recovery (expense)	8,279	-	8,279	7,899	(2,025)	9,924
Deferred income tax recovery (expense)	(446)	304	(750)	(1,057)	413	(1,470)
Net income (loss) from continuing operations	**(4,933)**	**(18,251)**	**13,318**	**(15,200)**	**(24,695)**	**9,495**
Profit (loss) from discontinued operations	16,439	(1,350)	17,789	12,331	11,742	589
Net income (loss) for the period	**11,506**	**(19,601)**	**31,107**	**(2,869)**	**(12,953)**	**10,084**
EBITDA	13,053	(12,945)	25,998	8,422	2,554	5,868
Adjusted EBITDA	(1,814)	542	(2,355)	(2,731)	1,182	(3,913)

- Revenues were $7.5 million for 2026-Q2, a $6.8 million decrease from 2025-Q2 revenues of $14.3 million.
- Gross profit, before fair value adjustments, was $2.3 million for 2026-Q2, a $3.5 million decrease from 2025-Q2 gross profit before fair value adjustments of 6.4 million.
- Gross profit, after fair value adjustments, was $5.2 million for 2026-Q2, an increase of $1.5 million from 2025-Q2 gross profit after fair value adjustments of $3.7 million.
- Operating expenses were $8.3 million for 2026-Q2, an increase of $0.7 million compared to 2025-Q2 operating expenses of $7.6 million.

RESULTS OF OPERATIONS

The Company's reportable segments, organized based on channels to end-user markets serviced by the Company, are as follows:

(1) ***Corporate segment*** includes the publicly traded parent company which operates as a cost center for related public reporting and administrative costs amongst other captive functions that benefit its subsidiaries.

(2) ***Distribution segment*** includes subsidiaries that are licensed to cultivate, manufacture, process and/or distribute Company branded and non-branded cannabis and non-cannabis products directly to licensed retailers in the legal U.S. states of Michigan and California, and throughout Canada and internationally.

(3) ***Licensing segment*** includes subsidiaries that exploit intellectual property associated with the Company's licensed brands, and that are engaged in the sale of non-THC branded products which are incorporated in licensed Company cannabis product offerings. The Company also contracts with distributor partners in legal states to license the use of its premium brands.

(4) ***Retail segment*** sells both captive and third party branded cannabis products and accessories to the medical use markets in the legal U.S. states of Florida and Michigan[1], and across Canada through its direct-to-patient medical platform.

(5) All other non-reporting operations to a fifth segment; '***Other***'.

Segmented revenues to gross profit for 2026-Q2 and 2025-Q2, are as follows:

2026-Q2	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
Revenue	-				
Sales revenue	-	6,263	69	1,144	7,476
Cost of goods sold before fair value adjustments	-	4,187	-	329	4,516
Gross profit before fair value adjustments	-	2,076	69	815	2,960
Unrealized gains (losses) in fair value of biological assets	-	**(355)**	-	-	(355)
Realized fair value gains (losses) included in inventory sold	-	2,586	-	-	2,586
Gross profit after fair market value adjustments	**-**	**4,307**	**69**	**815**	**5,191**
% of consolidated revenue	0%	84%	1%	15%	100%
% of consolidated cost of goods sold before fair value adjustments	0%	93%	0%	7%	100%
Gross profit before fair value adjustments (%)	0%	33%	100%	71%	40%
Gross profit after fair value adjustments (%)	0%	69%	0%	71%	69%
2025-Q2	Corporate	Distribution	Licensing	Retail	Consolidated
Revenue					
Sales revenue	-	11,026	200	3,053	14,279
Cost of goods sold before fair value adjustments	-	6,442	20	1,416	7,878
Gross profit before fair value adjustments	-	4,584	180	1,637	6,401
Unrealized gains (losses) in fair value of biological assets	-	**17**	-	-	17
Realized fair value gains (losses) included in inventory sold	-	(2,610)	-	(112)	(2,722)
Gross profit after fair market value adjustments	**-**	**1,991**	**180**	**1,525**	**3,696**
% of consolidated revenue	0%	77%	1%	21%	100%
% of consolidated cost of goods sold before fair value adjustments	0%	82%	0%	18%	100%
Gross profit before fair value adjustments (%)	0%	42%	0%	54%	45%
Gross profit (%)	0%	18%	0%	50%	26%
Variance	Corporate	Distribution	Licensing	Retail	Consolidated
Change in revenue	-	(4,763)	(131)	(1,909)	(6,803)
Change in cost of goods sold before fair value adjustment	-	(2,255)	(20)	(1,087)	(3,362)
Change in gross profit before fair value adjustment	-	(2,508)	(111)	(822)	(3,441)
Change in gross profit after fair market value adjustments	-	2,316	(111)	(710)	1,495

Revenue

The Company's three main revenue streams are (1) Distribution, (2) Licensing and (3) Retail.

- **Distribution Revenue**: Revenue from sales to customers through the Company's distribution channel is recognized, net of promotional discounts, estimated returns, and sales or excise taxes, when control of the goods has been transferred to the customer. Where the Company arranges the shipping of goods, revenue is recognized on the date the goods are shipped from the Company's warehouse or third-party distribution partners. Where the customer arranges for the pickup of finished goods, revenue is recognized at the time the goods are transferred to the customer's carrier. Costs of shipping orders to customers, as applicable, are included as an expense in the cost of goods sold.

[1] Through fiscal 2025, the Company undertook an orderly exit from retail operations in the state of Michigan, As of December 31, 2025, the Company had exited all retail operations in the state. In addition, the Company undertook the divestiture of its Florida operations as of April 1, 2026 (refer to Recent Developments).

- **Licensing Revenue**: Revenue from sales to distributors of non-THC, branded inputs and through licensing of its brand to third party distribution partners.

- **Direct to Patient (Medical) Retail Revenue**: Revenue from sales through the Company's various retail or dispensary channels is revenue that is recognized, net of promotional discounts, and sales taxes, on the date the goods are sold to the consumer including registered patients.

Sales of products are in cash or credit, in the case of retail revenues, or for otherwise agreed-upon credit terms, in the case of distribution and licensing revenues. The Company's payment terms for distribution customers vary by location and customer and are tailored in accordance with the Company's strategic objectives in each of its respective markets. The Company offers promotional discounts on its products at point of sale (Retail). The Company does not offer a warranty on its products in any channel.

Revenue for 2026-Q2

Consolidated revenue for 2026-Q2 was $7.5 million, representing a decrease of $6.8 million compared to $14.3 million for 2025-Q2. The year-over-year revenue decline was driven primarily by a decline in the Distribution segment, reflecting intensified competitive pricing conditions in Michigan and the trailing impact of the Michigan Restructuring (refer to *Recent Developments),* together with a quarterly contraction in the Licensing segment offset by the net revenues contributed by the acquired Ayurcann distribution operations in its first month post-acquisition (refer to Recent Developments).

- ***Distribution revenue for 2026-Q2*** was $6.3 million, representing a decrease of $4.7 million compared to $11.0 million for 2025-Q2. The decline is primarily attributable to continuing challenging market conditions in the state of Michigan and the trailing impact of the Michigan Restructuring. The decline was partially offset by contributions from the Company's Canadian and California distribution operations, in addition to the acquired Ayurcann distribution operations (refer to *Recent Developments*).

- ***Licensing revenue for 2026-Q2*** was nil, compared to $0.2 million for 2025-Q2, representing a decrease of $0.2 million as the company continues to seek out further strategic licensing partnerships.

- ***Direct-to-Patient (Medical) Retail Revenue for 2026-Q2*** was $1.1 million, representing a decrease of $2.0 million compared to $3.1 million for 2025-Q2. The decline primarily reflects the wind-down of the Company's Michigan retail operations and the impact of the divestiture and deconsolidation of the Florida operations (refer to *Recent Developments)* offset by the continued positive contribution from the Canadian direct-to-patient medical operations.

Gross profit before fair market value adjustments

Consolidated Gross profit before fair market value adjustments for 2026-Q2 was $2.9 million, compared to $6.4 million for 2025-Q2. The quarterly variance was driven primarily by the decrease in revenues in the Distribution segment, timing of inventory cost flows, offset by the contribution from the acquired Ayurcann distribution operations following its acquisition in June 2026 (refer to *Recent Developments*).

Segmented revenues to gross profit for 2026-YTD and 2025-YTD, are as follows:

2026-YTD	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
Revenue					
Sales revenue	-	16,997	69	2,471	19,537
Cost of goods sold before fair value adjustments	-	12,036	-	952	12,988
Gross profit before fair value adjustments	-	4,961	69	1,519	6,549
Unrealized gains (losses) in fair value of biological assets	**-**	**(249)**	**-**	**-**	(249)
Realized fair value gains (losses) included in inventory sold	-	1,843	-	(278)	1,565
Gross profit after fair market value adjustments	**-**	**6,555**	**69**	**1,241**	**7,865**
% of consolidated revenue	0%	87%	0%	13%	100%
% of consolidated cost of goods sold before fair value adjustments	0%	93%	0%	7%	100%
Gross profit before fair value adjustments (%)	0%	29%	100%	61%	34%
Gross profit after fair value adjustments (%)	0%	39%	100%	50%	40%
2025-YTD	Corporate	Distribution	Licensing	Retail	Consolidated
Revenue					
Sales revenue	-	24,289	1,045	6,115	31,449
Cost of goods sold before fair value adjustments	-	14,916	76	3,050	18,042
Gross profit before fair value adjustments	-	9,373	969	3,065	13,407
Unrealized gains (losses) in fair value of biological assets	**-**	**(33)**	**-**	**1**	(32)
Realized fair value gains (losses) included in inventory sold	-	(5,021)	-	(119)	(5,140)
Gross profit after fair market value adjustments	**-**	**4,319**	**969**	**2,947**	**8,235**
% of consolidated revenue	0%	77%	3%	19%	100%
% of consolidated cost of goods sold before fair value adjustments	0%	83%	0%	17%	100%
Gross profit before fair value adjustments (%)	0%	39%	0%	50%	43%
Gross profit after fair value adjustments (%)	0%	18%	93%	48%	26%
Variance	Corporate	Distribution	Licensing	Retail	Consolidated
Change in revenue	-	(7,292)	(976)	(3,644)	(11,912)
Change in cost of goods sold before fair value adjustment	-	(2,880)	(76)	(2,098)	(5,054)
Change in gross profit before fair value adjustment	-	(4,412)	(900)	(1,546)	(6,858)
Change in gross profit after fair market value adjustments	-	2,236	(900)	(1,706)	(370)

Revenue for 2026-YTD

Consolidated revenue for 2026-YTD was $19.5 million, representing a decrease of $12.0 million compared to $31.5 million for 2025-YTD. The year-over-year revenue decline was driven primarily by a decline in the Distribution segment, reflecting intensified competitive pricing conditions in Michigan and the trailing impact of the Michigan Restructuring (refer to *Recent Developments),* together with a quarterly contraction in the Licensing segment offset by the net revenues contributed by the acquired Ayurcann Distribution operations in its first month post-acquisition (refer to *Recent Developments*).

- ***Distribution revenue for 2026-YTD*** was $16.7 million, representing a decrease of $7.6 million compared to $24.3 million for 2025-YTD. The decline is primarily attributable to continuing challenging market conditions in the state of Michigan and the trailing impact of the Michigan Restructuring. The decline was partially offset by contributions from the Company's Canadian and California distribution operations, in addition to the acquired Ayurcann distribution operations (refer to *Recent Developments*).

- ***Licensing revenue for 2026-YTD*** was nil, compared to $1.0 million for 2025-YTD, representing a decrease of $1.0 million as the company continues to seek out further strategic licensing partnerships.

- ***Direct-to-Patient (Medical) Retail revenue for 2026-YTD*** was $2.5 million, representing a decrease of $3.6 million compared to $6.1 million for 2025-YTD. The decline primarily reflects the wind-down of the Company's Michigan retail operations in the comparative period and the impact of the divestiture and deconsolidation of the Florida operations (refer to *Recent Developments)* offset by the continued positive contribution from the Canadian direct-to-patient medical operations.

Gross profit before fair market value adjustments for 2026-YTD

Consolidated Gross profit before fair market value adjustments for 2026-YTD was $6.5 million, compared to $13.4 million for 2025-YTD. The variance was driven primarily by the decrease in revenues within the Distribution segment, the timing of inventory cost flows, offset by the contribution of the acquired Ayurcann distribution operations following its acquisition in June 2026 (refer to *Recent Developments*).

OPERATING EXPENSES

Operating Expenses for 2026-Q2 and 2025-Q2 are as follows:

2026-Q2	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
General and administration	1,055	2,356	8	106	377	3,902
Marketing expenses	98	1,849	-	219	-	2,166
Share-based compensation	7	-	-	-	-	7
Depreciation and amortization	4	117	-	8	67	196
Bad debt expense (recovery)		2,064	-	-	-	2,064
Total operating Expenses	1,164	6,386	8	333	444	8,335
2025-Q2	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
General and administration	1,497	865	39	3,162	100	5,663
Marketing expenses	4	231	103	938	-	1,276
Share-based compensation	22	-	-	-	-	22
Depreciation and amortization	-	(216)	-	150	134	68
Bad debt expense (recovery)	-	643	(94)	29	-	578
Total operating expenses	1,524	1,524	47	4,279	234	7,607
Variances	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
Change in General and administration	(442)	1,491	(31)	(3,056)	277	(1,761)
Change in marketing expenses	94	1,618	(103)	(719)	-	890
Change in share-based compensation	(15)	-	-	-	-	(15)
Change in depreciation and amortization	4	333	-	(142)	(67)	128
Change in in bad debt expense	-	1,421	94	(29)	-	1,486
Change in total operating expenses	(360)	4,862	(39)	(3,946)	210	727

Consolidated operating expenses for 2026-Q2 were $8.3 million, representing an increase of $2.6 million compared to $5.7 million for 2025-Q2. The increase is primarily attributable to a $3.1 million increase in the general and administrative expenses and marketing expenses recorded by the acquired Ayurcann Distribution operations following its acquisition in June 2026 and the Canadian Distribution operations as it continues to regain a foothold within the Canadian marketplace, , an increase in bad debts expense of $1.5 million in the Distribution segment (see below), offset by a material reduction ($3.8 million) in general and administrative expenses driven by the deconsolidation of the Florida (Retail) operations (refer to *Recent Developments)*. The increase in bad debt expense primarily reflects the Company actualizing bad debt expense and aligning expected credit loss provisions in the Distribution operations.

Operating Expenses for 2026-YTD and 2025-YTD are as follows:

2026-YTD	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
General and administration	2,210	4,446	46	630	527	7,859
Marketing expenses	104	2,970	-	343	-	3,417
Share-based compensation	18	-	-	-	-	18
Depreciation and amortization	6	270	-	16	67	359
Bad debt expense	-	1,299	(8)	(2)	-	1,289
Total operating Expenses	**2,338**	**8,985**	**38**	**987**	**594**	**12,942**
2025-YTD	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
General and administration	2,486	6,386	38	1,844	243	10,997
Marketing expenses	4	1,556	274	792	-	2,626
Share-based compensation	43	-	-	-	-	43
Depreciation and amortization	-	78	-	16	67	161
Bad debt expense	-	965	229	(10)	-	1,184
Total operating expenses	**2,533**	**8,985**	**541**	**2,642**	**310**	**15,011**
Variances	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
Change in General and administration	(276)	(1,940)	8	(1,214)	284	(3,138)
Change in marketing expenses	100	1,414	(274)	(449)	-	791
Change in share-based compensation	(25)	-	-	-	-	(25)
Change in depreciation and amortization	6	192	-	-	-	198
Change in in bad debt expense	-	334	(237)	8	-	105
Change in total operating expenses	**(195)**	**-**	**(503)**	**(1,655)**	**284**	**(2,069)**

Consolidated operating expenses for 2026-YTD were $12.9 million, representing an increase of $1.1 million compared to $11.0 million for 2025-YTD. The increase is primarily attributable to the operating expenses recorded by the acquired Ayurcann Distribution operations following its acquisition in June 2026, an increase in bad debts expense of $1.5 million in our Distribution segment (see below), offset by a material reduction in general and administrative expenses in our Distribution segment of $1.9 million and our Retail operations ($1.7 million) driven by the deconsolidation of the Florida operations (refer to *Recent Developments)*. The increase in bad debt expense primarily reflects the Company actualizing bad debt expense and aligning expected credit loss provisions in the Distribution operations. The Company continues to focus on discretionary cost optimization across all segments and investing in resources that maximize our return on investment.

For more details on the Company's expected credit loss provisions, refer to the Company's 2025-YE financial statements found on SEDAR+ at www.sedarplus.ca.

General and administrative expenses ("G&A")

General and Administrative ("G&A") expenses encompass a range of costs essential to the operation and management of the Company that are not directly tied to production or indirect costs of production. These expenses include burdened headcount costs, which cover salaries and related employee expenses for personnel whose roles are not allocated to specific production activities. Additionally, G&A expenses cover non-inventoriable facility-related costs, such as rent and utilities, and expenses associated with maintaining dedicated security personnel at our retail locations. The Company also incurs regional cannabis licensing fees across its active U.S. and Canadian operations as well as marketing expenses that are key to sustaining revenue growth. Professional and advisory fees, both operating and non-recurring, including legal, accounting, and consulting services, form a significant part of G&A expenses, alongside insurance premiums incurred to mitigate operational, product and asset liability, and general corporate risks. Finally, corporate costs associated with the oversight and strategic management of the Company's operations are also included within G&A expenses.

The Company's general and administrative expenses for 2026-Q2, 2026-YTD and 2025-Q2, 2025-YTD were as follows:

	2026-Q2	2025-Q2	Variance	2026-YTD	2025-YTD	Variance
	$	$	$	$	$	$
Salaries and wages	1,497	2,927	(1,430)	4,056	6,148	(2,092)
Facilities expense	458	215	243	925	243	682
Professional fees	1,037	1,448	(411)	1,700	2,429	(729)
Office and administrative fees	187	519	(332)	386	1,102	(716)
Travel expense	40	106	(66)	55	165	(110)
Licenses and permits	137	79	58	261	158	103
Insurance	487	355	132	406	721	(315)
Penalty and late fees	59	14	45	70	31	39
Total general and administrative expenses	**3,902**	**5,663**	**(1,761)**	**7,859**	**10,997**	**(3,138)**

General and Administrative ("G&A") Expenses for 2026-Q2

Total G&A expenses for 2026-Q2 were $3.9 million, a decrease of $1.8 million from total G&A expenses of $5.7 million for 2025-Q2, demonstrating continuing disciplined cost management.

- ***Salaries and wages for 2026-Q2*** totaled $1.5 million, representing a decrease of $1.4 million compared to $2.9 million for 2025-Q2. The decrease is primarily attributable to the impact of the cessation of retail activities in Michigan in the comparative period, more aggressive cost reductions given the challenging conditions in the Michigan marketplace, and the deconsolidation of the Florida operations (refer to *Recent Developments*).
- ***Facilities expenses for 2026-Q2*** totaled $0.5 million, representing a marginal increase of $0.3 million compared to $0.2 million for 2025-Q2.
- ***Professional fees for 2026-Q2*** totaled $1.0 million, representing a decrease of $0.4 million compared to $1.4 million for 2025-Q2. The decrease reflects a net reduction in normal course legal, audit, and consulting costs associated with the Company's multi-jurisdictional footprint.
- ***Office and administrative fees for 2026-Q2*** totaled $0.2 million, representing a decrease of $0.3 million compared to $0.5 million for 2025-Q2.

General and Administrative ("G&A") Expenses for 2026-YTD

Total G&A expenses for 2026-YTD were $7.9 million, a decrease of $3.1 million from total G&A expenses of $11.0 million for 2025-YTD, demonstrating continuing disciplined cost management and the impact of the deconsolidation of the Florida operations (refer to *Recent Developments)*.

- ***Salaries and wages for 2026-YTD*** totaled $4.1 million, representing a decrease of $2.1 million compared to $6.2 million for 2025-YTD. The decrease is primarily attributable to the impact of the cessation of retail activities in Michigan in the comparative period, more aggressive cost reductions given the challenging conditions in the Michigan marketplace, and the deconsolidation of the Florida operations (refer to *Recent Developments*).
- ***Professional fees for 2026-YTD*** totaled $1.7 million, representing a decrease of $0.7 million compared to $2.4 million for 2025-YTD. The decrease reflects a net reduction in normal course legal, audit, and consulting costs associated with the Company's multi-jurisdictional footprint.
- ***Office and administrative fees for 2026-YTD*** totaled $0.4 million, representing a material decrease of $0.7 million compared to $1.1 million for 2025-YTD. The decrease is primarily attributable to the impact of the cessation of retail activities in Michigan in the comparative period, and the deconsolidation of the Florida operations (refer to *Recent Developments*).

OTHER EXPENSES (INCOME)

Other expenses (income) for 2026-Q2 and 2025-Q2 are as follows:

	3 months ended 30-Jun-26	3 months ended 30-Jun-25	Variance	6 months ended 30-Jun-26	6 months ended 30-Jun-25	Variance
Other expenses (income)						
Interest earned on promissory notes	(702)	(861)	159	(1,381)	(1,585)	204
Interest income	(6)	-	(6)	(10)	(6)	(4)
Other income	(391)	(175)	(216)	(394)	(5,943)	5,549
Finance expense	9,892	7,705	2,187	19,165	15,226	3,939
Accreted interest, leases	-	48	(48)	-	99	(99)
Acquisition costs	311	14	297	311	19	292
Business transaction costs	440	19	421	605	59	546
(Gain) loss on disposal of assets	2,718	-	2,718	2,684	-	2,684
Gain on investments	-	-	-	-	340	(340)
Inventory adjustments	-	174	(174)	-	174	(174)
Foreign exchange	(2,640)	7,720	(10,360)	(4,015)	7,924	(11,939)
Total other expenses (income)	**9,622**	**14,644**	**16,965**	**16,965**	**16,307**	**658**

Consolidated other expenses (income) for 2026-Q2 were $9.6 million, representing a favourable change of $16.7 million compared to net expense of $14.6 million for 2025-Q2. The change was driven primarily by a $2.2 million increase in finance expense as the Company continues to strategically leverage its credit facilities to execute on its investment strategies including the acquisition of Ayurcann, a $2.7 million loss on disposal of assets related to the deconsolidation of the Florida operations (refer to *Recent Developments*, offset by a favorable variance in foreign exchange of $10.4 million.

Consolidated other expenses (income) for 2026-YTD were $17.0 million of net expense, representing an increase of $0.7 million compared to net expense of $16.3 million for 2025-YTD. The change was driven primarily by a $3.9 million increase in finance expense as the Company continues to strategically leverage its credit facilities to execute on its investment strategies including the acquisition of Ayurcann, a $5.6 million reduction in other income stemming from a debt settlement in the comparative period, a $2.7 million loss on disposal of assets related to the deconsolidation of the Florida operations (refer to *Recent Developments)*, offset by a favorable variance in foreign exchange of $11.9 million.

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ADJUSTED EBITDA

Below is a reconciliation net loss and Adjusted EBITDA for 2026-Q2 and 2025-Q2:

	2026-Q2	2025-Q2	Variance	2026-YTD	2025-YTD	Variance
Net Income (Loss) for the Period	**11,506**	**(19,601)**	**31,107**	**(2,869)**	**(12,953)**	**10,084**
Depreciation and amortization	196	68	128	359	161	198
Interest earned on promissory notes	(702)	(861)	159	(1,381)	(1,585)	204
Accreted interest, leases	-	48	(48)	-	99	(99)
Current income tax expense/(recovery)	(8,279)	-	(8,279)	(7,899)	2,025	(9,924)
Deferred income tax expense/(recovery)	446	(304)	750	1,057	(413)	1,470
Finance expenses	9,892	7,705	2,187	19,165	15,226	3,939
Interest income	(6)	-	(6)	(10)	(6)	(4)
EBITDA	**13,053**	**(12,945)**	**25,998**	**8,422**	**2,554**	**5,868**
Bad debt expense	2,064	578	1,486	1,289	1,184	105
Acquisition costs	311	14	297	311	19	292
Business transaction costs	440	19	421	605	59	546
(Gain) Loss on disposal of assets	2,718	-	2,718	2,684	-	2,684
Foreign exchange	(2,640)	7,720	(10,360)	(4,015)	7,924	(11,939)
Unrealized changes in fair value of biological assets	355	(17)	372	249	32	217
Realized fair value amounts included in inventory sold	(2,586)	2,722	(5,308)	(1,565)	5,140	(6,705)
Gain on investment	-	-	-	-	340	(340)
Other income	(391)	(175)	(216)	(394)	(5,943)	5,549
Share based compensation	7	22	(15)	18	43	(25)
Inventory adjustments	-	174	(174)	-	174	(174)
Non-recurring expenses	1,294	1,080	215	1,996	1,398	598
(Gain) loss on discontinued operations	(16,439)	1,350	(17,789)	(12,331)	(11,742)	(589)
Adjusted EBITDA	**(1,814)**	**542**	**(2,355)**	**(2,731)**	**1,182**	**(3,913)**

Adjusted EBITDA is a non-IFRS measure. The reader is referred to disclosure regarding *Non-IFRS and Supplementary Financial or Operating Measures* on page 5 of this MD&A for further details.

STATEMENT OF FINANCIAL POSITION

Assets

As at 2026-Q2, and 2025-YE, the Company held the following assets:

As at	2026-Q2	2025-YE	Variance
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	5,278	4,567	711
Accounts receivable	13,473	8,317	5,156
Notes receivable	31,900	31,659	241
Prepaid expenses	665	1,051	(386)
Deposits	9,644	7,605	2,039
Inventory	37,223	43,438	(6,215)
Biological assets	2,949	1,165	1,784
Assets held for Sale	3,168	6,202	(3,034)
Other assets	635	296	339
Total current assets	**104,935**	**104,300**	**635**
Non-current assets			
Property, plant and equipment, net	23,239	40,894	(17,655)
Intangible assets, net	28,321	54,657	(26,336)
Right-of-use assets, net	1,303	17,749	(16,446)
Long-term notes receivable	18,190	5,789	12,401
Investments	3,357	3,357	-
Goodwill	765	-	765
Total non-current assets	**75,175**	**122,446**	**(47,271)**
Total assets	**180,110**	**226,746**	**(46,636)**

Total assets decreased to $180.1 million at 2026-Q2, compared to $227.0 million at 2025-YE, representing a $46.6 million decrease. This overall asset decrease was primarily driven by the impact of the deconsolidation of the Florida operations (refer to *Recent Developments)* offset by increases in accounts receivable, including deposits, and long-term notes receivable which specifically reflect the Company's continuing investment in strategic growth initiatives.

- ***Cash and equivalents as at 2026-Q2*** were $5.3 million, representing an increase of $0.7 million compared to $4.6 million at 2025-YE.
- ***Accounts receivable as at 2026-Q2*** were $13.5 million, representing an increase of $5.2 million compared to $8.3 million at 2025-YE. The increase is primarily attributable to the receivables acquired with the Ayurcann operations (refer to *Recent Developments and Note 6 of the Company's condensed interim consolidated financial statements for the reporting period*.
- ***Inventory as at 2026-Q2*** was $37.2 million, representing a decrease of $6.2 million compared to $43.4 million at 2025-YE. The decrease is primarily attributable to the impact of the deconsolidation of the Florida operations (refer to *Recent Developments*).
- ***Property, plant and equipment ("PP&E) as at 2026-Q2*** was $23.2 million, representing a decrease of $17.7 million compared to $40.9 million at 2025-YE. The decrease is primarily attributable to the impact of the deconsolidation of the Florida operations (refer to *Recent Developments*) offset by a marginal increase attributed to the Ayrucann acquisition (refer to *Recent Developments)*.
- ***Intangibles assets as at 2026-Q2*** *were $28.3 million, representing a decrease of $26.3 million compared to $54.7 million at 2025-YE. The decrease is primarily attributable to the release of intangibles associated with licenses granted to the former Florida operations (refer to Recent Developments)*.

- ***Right-of-use assets as at 2026-Q2*** were $1.3 million, representing a decrease of $16.4 million compared to $17.7 million at 2025-YE. The decrease is primarily attributable to operating leases associated with the former Florida operations (refer to Recent Developments).
- ***Long Term Notes Receivable as at 2026-Q2*** were $18.1 million, representing an increase of $12.3 million compared to $5.8 million at 2025-YE. The increase is primarily attributable to the funding of the HEH notes receivable (refer to Recent Developments) and the continuing investment in the PD note supporting working capital requirements for the Michigan operation.

Liabilities

A summary of the Company's liabilities as at 2026-Q2 and as at 2025-YE is as follows:

As at	2026-Q2	2025-YE	Variance
	$	$	$
Current liabilities			
Accounts payable and accrued liabilities	16,200	16,199	1
Short-term notes payable	136	39,365	(39,229)
Short-term convertible notes	-	51,572	(51,572)
Short-term lease obligations	305	955	(650)
Income taxes payable	5,492	13,564	(8,072)
Liabilities held for sale	12,459	11,538	921
Other current liabilities	1,866	762	1,104
Total current liabilities	**36,458**	**133,955**	**(97,497)**
Non-current liabilities			
Long-term notes payable	365,245	306,240	59,005
Long-term convertible notes	-	-	-
Long-term lease obligations	1,186	22,553	(21,367)
Deferred tax liability	4,405	4,842	(437)
Other non-current liabilities	14	124	(110)
Total non-current liabilities	**370,850**	**333,759**	**37,091**
Total liabilities	**407,308**	**467,714**	**(60,406)**

Total liabilities at 2026-Q2 were $407.3 million versus $467.7 million at 2025-YE, representing a decrease of $60.4 million.

- ***Accounts payable and accrued liabilities as at 2026-Q2*** were $16.2 million, representing a marginal increase compared to $16.2 million at 2025-YE. An increase of $4.3 million is attributable to the Ayurcann acquisition (refer to *Recent Developments)* was offset by a decrease of $2.0 million attributable to the former Florida operations (refer to *Recent Developments*).
- ***Short-term and long-term notes payable as at 2026-Q2*** were $365.3 million, representing a net increase of $19.7 million compared to $345.6 million at 2025-YE. The net increase reflects interest accruals and net principal movements across the available credit facilities during the period supporting the Company's continuing investment strategies totaling $62.2 million offset by a decrease of $42.5 million attributable to the extinguishment of the former Florida operations credit facilities (refer to *Recent Developments*).
- ***Short-term and long-term convertible debt as at 2026-Q2*** were nil, representing a net decrease of $51.6 million compared to $51.6 million at 2025-YE. The decrease is wholly attributable to the extinguishment of the convertible associated with the former Florida operations) divestiture and resulting deconsolidation of the Florida operations (refer to *Recent Developments Liquidity and Capital Resources)*.
- ***Short-term and long-term lease obligations as at 2026-Q2*** were $1.5 million, representing a net decrease of $22.1 million compared to $23.6 million at 2025-YE. The decrease is wholly attributable to the release of the operating lease liabilities associated with the former Florida operations (refer to *Recent Developments*).

Shareholders' Equity

As at 2026-Q2, total shareholders' equity reflected a deficit of $227.2 million, compared to a deficit of $241.0 million as at 2025-YE. The reader will note that the Company's shareholders' equity includes the cumulative impact of non-cash impairment charges associated with goodwill and identifiable assets totaling $385.0 million realized in fiscal years 2021 through 2025.

SUMMARY OF QUARTERLY RESULTS

The net income and losses realized by the Company over the last eight quarters, as set out below, reflect the impact of a number of recurring and non-recurring factors, including: changes in the fair value of biological assets (realized and unrealized); changes in the fair value of convertible debentures; share-based compensation movements derived from the underlying trading share price and associated volatility; non-cash impairment charges related to adjustments in the carrying value of tangible assets, indefinite-life intangible assets, and goodwill; net gains and losses on investments arising from fair value adjustments; ongoing and non-recurring professional fees tied to public company compliance and executed and ongoing transactions; marketing expenses attributed to brand awareness initiatives executed across the Company's existing and target legal markets; and debt service and finance expenses (net) associated with the Company's various debt issuances and restructuring activities. Operating results have also varied over the past eight quarters as a result of the competitive nature, operating performance and seasonal characteristics of the legal cannabis markets in which the Company operates. Background on these specific items is set out in the *Results from Operations* section.

A summary of the quarterly results for the past eight quarters is as follows:

Quarter	Revenue	Cost of Goods Sold	Gross profit before FMV adjustments	Gross profit after FMV adjustments	Net loss	Earnings per share
	$	$	$	$	$	$
30-Jun-26	7,476	4,516	2,960	5,191	(11,506)	(0.01)
31-Mar-26	13,942	10,737	3,205	3,839	(14,376)	(0.03)
31-Dec-25	12,448	13,824	(1,376)	6,844	(51,731)	(0.10)
30-Sep-25	16,783	10,274	6,509	8,487	(17,818)	(0.03)
30-Jun-25	14,279	7,878	6,401	3,696	(19,601)	(0.04)
31-Mar-25	19,192	11,889	7,303	4,280	6,644	(0.02)
31-Dec-24	18,584	17,941	643	5,588	(13,474)	(0.01)
30-Sep-24	21,290	14,413	6,877	10,157	(2,883)	(0.01)

SUMMARY OF OUTSTANDING SHARE DATA

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 2025-YE.

B. Issued and Outstanding

At 2026-YTD, 470.6 million common shares were issued and outstanding, with share capital of $342 million (2025-YE; 470.6 million shares; $342 million). There were no transactions affecting share capital during 2026-YTD.

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 2025-YE financial statements.

The number of stock options and weighted average exercise prices as 2026-YTD, and 2025-YE, 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 2026-Q2, the Company had nominal expenses relating to share-based compensation expenses (2025-YE; nominal).

EARNINGS (LOSS) PER SHARE

Earnings/loss per share for 2026-Q2 and 2025-Q2, and 2026-YTD and 2025-YTD 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.

Related Party Transactions

A. Key Management

Key management personnel include those people who have 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 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 $1.6 million of key management compensation to be paid in future periods (December 31, 2025 – $1.1 million). 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 2026-Q2 and 2026-YTD, the Company recognized a nominal amount, of share-based compensation on options held by officers (2025; nominal) and paid no directors' fees (2025; nominal). At 2026-YTD, directors and officers held 31 million common shares and 4.2 million stock options, of which 4 million were vested (December 31, 2025 – 37million shares and 6.4 million options, of which 4 million 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. 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 *Liquidity and Capital Resources* for details relating to notes payable and convertible debt due by the Company to lenders deemed to be related parties.

Commitments and Contingencies

Claims and Litigation

Pharmaco Inc. "(Pharmaco"), previously acquired by the Company on February 7, 2022, and classified as a disposal group effective 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, 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 were terminated and the interests of unsecured creditors fully addressed possible. On June 25, 2025, formal approval of the motion to terminate was issued by the presiding court.

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 consolidated financial statements. Management believes that the resolutions of these proceedings will not have a material unfavorable effect on the Company's consolidated financial statements.

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 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 these condensed interim Condensed Interim Consolidated 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 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 regulations that could include but are not limited to fines, penalties, taxes, or operating restrictions.

LIQUIDITY AND CAPITAL RESOURCES

Going Concern

The Company's Audited Consolidated Financial Statements for 2025-YE (found on Sedar+) have been prepared on a going concern basis, which assumes the Company will continue operations for the foreseeable future, realizing assets and discharging liabilities in the ordinary course of business.

The Company's ability to continue as a going concern is supported by the meaningful structural improvements achieved during the year, the successful execution of the Company's strategic plan including the acquisition of Ayurcann (refer to *Recent Events*), and Management's continued focus on revenue growth, both organic and acquisitive, manufacturing and operating cost discipline, and continued access to primarily debt resources to fund strategic initiatives.

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 27 to the Company's annual financial statements for 2025-YE. There were no significant changes to the Company's risk management objectives or policies during the 2026-YTD. The Company's quantitative exposures as at 2026-YTD are summarized below.

Credit risk. Accounts receivable were $13.5 million at 2026-YTD (2025; $8.3 million), net of an expected credit loss provision of $4.8 million (2025-YE; 3.4 million). Notes receivable were $50.1 million at 2026-YTD (2025-YE; $37.4 million).

Liquidity risk. At 2026-YTD, the Company held cash and cash equivalents of $5.3 million (2025-YE; $4.6 million) against current liabilities of $36.5 million (2025-YE; $134 million).

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, the Company derecognized U.S.-dollar denominated notes payable and convertible debentures with an aggregate carrying amount of $96.4 million, being $42.5 million of notes payable and $53.8 million 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 2026-YTD, the Company had a shareholders' deficit of $227.2 million (2025-YE; $241 million), including an accumulated deficit of $582.4 million. The Company's capital management policies were unchanged during the period, and the Company is not subject to externally imposed capital requirements.

Cash flow Highlights

Below is the cash flow from operating, investing, and financing activities by the Company for 2026-YTD, and 2025-YTD:

	2026-YTD	2025-YTD	Variance
	$	$	$
Cash provided by operating activities before changes in non-cash working capital	(22,778)	(5,541)	(17,237)
Net change in non-cash working capital items	13,065	(6,926)	19,990
Net cash provided by (used in) operating activities	(9,714)	(12,467)	2,753
Net cash used in investing activities	(15,422)	(6,370)	(9,052)
Net cash provided by financing activities	32,354	5,133	27,221

Net cash used in operating activities for 2026-YTD was $9.7 million, representing an increase of $2.8 million compared to $12.5 million for 2025-YTD.

Net cash used in investing activities for 2026-YTD was $15.4 million, compared to $6.4 million used in 2025-YTD, representing a variance of $9.1 million.

Net cash provided by financing activities for 2026-YTD was $32.4 million, compared to $5.1 million in 2025-YTD, representing a $27.2 million increase.

Notes Receivable

Continuity of the Company's notes receivable for 2026-YTD, and 2025-YE, is as follows:

	Balance, 31-Dec-25	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**

During the reporting period, the OPRC Note was repaid and settled in full. The Company received cash of $3 million 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 $15.7 million 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 2026-YTD, the note was in Stage 1 and no expected credit loss allowance was recognized. Subsequent to 2026-YTD, the facility was amended and further advances were made (the reader is referred to Recent Events).

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 $0.8 million (US$0.6 million) and $1.6 million (US$1.1 million), respectively, on Compliant Product deliveries within the annual cap during the 2026-YTD (2025-YE; $nil). The forgiven interest was netted against interest income earned on the note.

No expected credit loss allowance was required at 2026-YTD (2025-YE – $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.

Finance Expenses

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**

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 $5.8 million of accrued interest forgiven by related-party lenders) are described in Note 21 to the Company's annual financial statements for the year ended 2025-YE.

	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

[1] Related party (see *Related Party Transactions*)

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 $1.2 million and foreign exchange losses of $0.7 million, 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 $42.5 million derecognized forms part of the gain on loss of control of RWB Florida. Refer to *Recent Events* for the divestiture, including the terms of the transaction, the guarantees released and the gain recognized.

During 2026-YTD, 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 (see *Related Party Transactions*).

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 are described in Note 21 to the Company's 2025-YE Annual Audited Financial Statements. 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 2026-YTD.

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 $53.8 million. Interest of $1.4 million and foreign exchange losses of $0.9 million, 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 *Recent Events*).

The 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[1]	2,163	(2,246)	45	38	-
MV Convertible Note	41,684	(43,582)	1,170	728	-
Total	**51,572**	**(53,848)**	**1,375**	**901**	**-**

[1]Related party (see *Related Party Transactions*)

	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[1]	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)**

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter any off-balance sheet arrangements during 2026-YTD (2025; $nil).

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Financial Statements requires management to select accounting policies and make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates and assumptions are based on management's best knowledge of current events and actions the Company may undertake in the future and are subject to revision as new information becomes available.

The critical accounting estimates and judgments applied in preparing the Financial Statements are consistent with those disclosed in the Company's audited consolidated financial statements for 2025-YE, available on SEDAR+ (www.sedarplus.ca). The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

Management believes the estimates reflected in these Financial Statements are reasonable and appropriate in the circumstances.

OTHER RISKS AND UNCERTAINTIES

For a discussion of other risks and uncertainties, please refer to the Company's MD&A for the year ended 2025-YE, which can be found on Sedar+.

MANAGEMENT REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO"), President, and Chief Financial Officer ("CFO") are responsible for designing and maintaining effective internal controls over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). As of the date of this MD&A, management has completed its assessment of the Company's internal control framework. While continued improvement in the control environment has been observed, certain deficiencies remain that, while not material to the integrity of financial disclosures, require ongoing attention.

[1] Related party (refer to *Related Party Transactions*)

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 influence 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.