FORM 5A

ANNUAL LISTING SUMMARY

Introduction

The requirement to file this Form 5A does not apply to NV Issuers. NV Issuers must file a Form 51-102F2 Annual Information Form.

This Annual Listing Summary must be posted on or before the day on which the Issuer's annual financial statements are to be filed under the Securities Act. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies.

General Instructions

(a) Prepare this Annual Listing Summary using the format set out below. The sequence of questions must not be altered, nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Listed Issuer Name: Red White & Bloom Brands Inc. (the "Issuer") **Website:** www.redwhitebloom.com **Listing Statement Date:** June 12, 2018 **Description(s) of listed securities(symbol/type):** -Common shares; and -Preferred shares without par value. The Issuer trades on the CSE under the ticker "RWB".
Brief Description of the Issuer's Business: The Issuer is a multi-state cannabis operator in the U.S., Canadian and international legal cannabis sectors. The Issuer is primarily focusing its investments on major markets in the United States, including Michigan, California, and Florida and in major Canadian markets through select channels to market including but not limited to direct to consumer (RETAIL), direct to retailer (DISTRIBUTION), and (LICENSING) of its brand to third party distributors.

Description of additional (unlisted) securities outstanding: the Issuer has an unlimited number of Preferred Shares without par value of which none are allotted or issued. The Class A Preferred Shares are not listed for trading on the CSE.
Jurisdiction of Incorporation: British Columbia
Fiscal Year End: December 31
Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled): Last: The Issuer's most recent annual general meeting of shareholders was held on August 8, 2025.
Financial Information as at: December 31, 2025

	Current	Prior year
Cash	4,566,281	7,284,263
Current Assets	104,299,224	111,361,173
Non-current Assets	122,446,293	183,027,897
Current Liabilities	133,955,156	343,032,334
Non-current Liabilities	333,758,512	124,387,904
Shareholders' equity	(240,968,151)	(173,031,172)
Revenue	64,828,376	80,164,627
Net Loss	(82,509,767)	(33,099,198)
Net Cash Used in Operations	(9,564,830)	(13,580,867)

SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in the Schedules. If the required details are included in Schedule A or B, provide specific reference to the page or note.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(e) Contractual obligations with Related Persons, separate from other contractual obligations.

(f) Contingencies involving Related Persons, separate from other contingencies.

See Financial Statements (note 28) attached as Schedule A.

2. Summary of securities issued and options granted during the period.

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
December 8, 2025	Common Shares	Debt Settlement	375,000	$0.035	N/A	$13,125 in debt extinguished	N/A	N/A

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
There were no options granted during the period January 1, 2025 to December 31, 2025.						

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of securities outstanding for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(b) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As at December 31, 2025, the authorized capital of the Issuer consisted of an unlimited number of common shares without par value, and without any special rights or restrictions, of which 470,596,901 common shares were issued and outstanding.

The holders of common shares are entitled to receive notice of and to attend all meetings of the shareholders of the Issuer and are entitled to one vote in respect of each common share held at such meetings. Subject to the rights, if any at the time, of shareholders holding shares with special rights as to dividends (none of which are authorized or outstanding at the date of this Annual Listing Summary), holders of common shares of the Issuer are entitled to dividends as and when declared by the directors. Subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, the holders of common shares are entitled to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Issuer.

As at December 31, 2025, the Issuer also has an unlimited number of Preferred Shares without par value of which none are allotted or issued. The Class A Preferred Shares are not listed for trading on the CSE.

The Issuer has a 20% rolling stock option plan (the "Option Plan") which was ratified by shareholders on August 8, 2025. Options granted under the Option Plan may have a maximum term of 10 years. The exercise price of options granted under the Option Plan shall be determined by the Issuer's directors, provided that such price shall not be lower than the closing share price on the day before the grant date less the applicable discount permitted under CSE policies. Stock options granted under the Option Plan may be subject to vesting terms that are set at the discretion of the directors at the time of grant.

The Issuer also has a restricted share unit plan (the "RSU Plan") reserving for issuance, combined with any equity securities granted under all other compensation arrangements adopted by the Issuer, including the Option Plan, a maximum of 20% of the issued and outstanding Shares at the time of grant.

As at December 31, 2025, the following Options were outstanding:

Date of Grant	Number of Options	Exercise Price	Expiry Date	Recorded Value
November 12, 2021	475,000	0.63	November 12, 2026	204,129.59
October 7, 2022	6,500,000	0.135	October 7, 2027	703,692.64
October 7, 2022	200,000	0.20	October 7, 2027	20,024.64
October 7, 2022	250,000	0.50	October 7, 2027	19,617.70
March 15, 2023	1,250,000	0.10	March 15, 2033	116,379.72
October 3, 2024	1,925,000	0.10	October 3, 2029	111,892.44
Total	**10,600,000**			**1,175,736.74**

As at December 31, 2025, there were no warrants outstanding.

(a) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As at December 31, 2025, the Issuer did not have any common shares that were subject to a prescribed escrow agreement pursuant to National Policy 46-201.

4. List the names of the directors and officers and include the position(s) held and the date of appointment, as at the date this report is signed and filed.

Name of Party	Position with Issuer	Date of Appointment
Colby De Zen	Director President	September 19, 2022 September 19, 2022
Brad Rogers	Director Chief Executive Officer	April 24, 2020 April 24, 2020
Michael Di Brina	Director	January 12, 2026
Johannes P.M. van der Linde	Director	July 20, 2017
Brendan Purdy	Director	July 20, 2017
Gabriel Bianchi	Director	June 16, 2023
Edoardo (Eddie) Mattei	Chief Financial Officer Corporate Secretary	March 16, 2023 March 16, 2023

5. Financial Resources

a) State the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

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.

The acquisition is structured as a share purchase implemented through a reverse vesting order, pursuant to which Emblem will indirectly acquire Ayurcann's business, operations and licences through ownership of 100% of the newly issued shares of Ayurcann Inc. Certain excluded assets and liabilities of Ayurcann will be vested in an affiliate and are not being assumed by Emblem. Total cash consideration is C$5,004,200, payable at closing from facilities generally available to Emblem.

The assets to be acquired include Ayurcann's Health Canada-licensed formulation, manufacturing and packaging facility in Pickering, Ontario; the Fuego, Xplor and Happy & Stoned brand portfolio and related intellectual property; retained commercial contracts and related national distribution arrangements; and, subject to regulatory approval, the licences required to operate the acquired business.

Closing remains subject to Court approval and the satisfaction of customary closing conditions and is currently anticipated to occur no later than May 15, 2026. Upon closing, the transaction will be accounted for as a business combination in accordance with IFRS 3, Business Combinations, with Emblem identified as the acquirer. As the transaction had not closed as at the date of approval of these consolidated financial statements, the initial acquisition accounting, including the allocation of the purchase consideration to the identifiable assets acquired and liabilities assumed and the determination of any resulting goodwill or bargain purchase gain, has not been performed, and the financial effect on the Company cannot be reasonably estimated at this time.

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 consolidated financial statements as at and for the year ended December 31, 2025.

Divestiture of Florida Operations

On March 12, 2026, subsequent to the reporting period, the Company entered into a binding letter of intent (the "LOI") with M&V Investment One LLC ("M&V") and Royal Group Resources Ltd. ("RGR"), a third-party senior secured lender to RWB Florida, LLC, providing for the divestiture of the Company's Florida cannabis operations, including its subsidiaries RWB Florida, LLC and Red White & Bloom Florida Inc. (collectively, "RWB Florida"), to M&V (the "Proposed Transaction"). The LOI constitutes a binding legal commitment of the parties, with definitive agreements to be negotiated and executed as promptly as reasonably practicable.

The Proposed Transaction is structured around the following principal components: (i) the extension by M&V of a revolving senior secured credit facility of up to US$1.5 million to RWB Florida for operational funding purposes, bearing interest at 12% per annum and secured by a first-priority lien on all equity and assets of RWB Florida; (ii) the acquisition by M&V from RGR of all debt instruments and related security interests held in respect of RWB Florida, including a senior secured promissory note with an original principal amount of US$19.5 million, together with all intercompany debt instruments held by the Company and its affiliates (collectively, the "Assumed Debt"); (iii) the transfer by the Company, RGR and their respective affiliates of all equity interests in RWB Florida to M&V, with equity transfer documentation to be held in escrow pending regulatory approval from the Florida Office of Medical Marijuana Use ("OMMU") to the extent such approval has not been obtained by the closing date; and (iv) a transitional brand license agreement permitting RWB Florida to continue use of the Company's brand portfolio through December

31, 2026, with royalties payable at 5% of applicable revenues, subject to a minimum monthly royalty of US$25 thousand. On closing, M&V will assume and fully release all guarantees previously provided by the Company and its affiliates on behalf of RWB Florida, including retail lease guarantees, the surety bond related to the Florida MMTC licence, and all guarantees relating to the Assumed Debt.

Upon closing of the Proposed Transaction, the Company expects to lose control of RWB Florida within the meaning of IFRS 10, Consolidated Financial Statements. On the date on which control is lost, the Company will derecognize the assets and liabilities of RWB Florida at their carrying amounts, derecognize any previously recognized non-controlling interests, recognize the fair value of any consideration received (including the present value of brand licence royalties and the release of guarantee obligations), and recognize the resulting gain or loss on disposal in profit or loss. The determination of the date on which control is lost for purposes of IFRS 10 will depend on whether OMMU regulatory approval has been obtained at or prior to the closing date.

Management did not consider RWB Florida to have met the criteria for classification as held for sale under IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, as at December 31, 2025, as the requisite management commitment was not demonstrable until execution of the LOI on March 12, 2026.

As of the date of publication of this report, the transaction remains subject to regulatory approvals (as a closing condition) and that both parties have not agreed on final comprehensive transaction terms to be memorialized in definitive documents.

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.

Subsequent to the reporting period, 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 balance of select RWB Michigan assets, including accounts receivable, notes receivable and fixed assets, for total cash consideration of US$20.4 million. Court approval for the sale was secured by the court-appointed receiver on March 26, 2026. On April 28, 2026, upon expiry of a receiver-mandated clearing period, MPV funded the aforementioned purchase and completed the Michigan restructuring initiative.

On the closing of the second tranche noted above, RWB Michigan will be in a position to exit the state-sponsored receivership. The final court order secured by the appointed receiver confirming the exit of the receivership will confirm the extinguishment of liabilities held by RWB Michigan as of the date of filing of the receivership.

As at the date of approval of these consolidated financial statements, although the sale of the assets had been completed, the receivership discharge had not been formally filed by the appointed receiver. The effect of the restructuring on the Company's consolidated financial statements, including the impact of the settlement of RWB Michigan's remaining liabilities realized by virtue of the authority of the court approved receivership, will be reflected in the Company’s second quarter interim financial statements.

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 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 consolidated financial statements as at and for the year ended December 31, 2025.

Status as an 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.

c) Disclose the total funds available to the Issuer and the following breakdown of those funds:

(i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and

Working capital deficiency as of December 31, 2025: $29,891,099

(ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

Funding capacity is available from incumbent lenders as the Company proactively continues to negotiate terms for renewal, the Issuer continues to seek out alternative sources of financing including strategic partnerships in key states, and is continuing to aggressively streamline both profitability and discretionary spend to maximize cash generated by operations.

(iii) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

Continue to seek out strategic partnerships for asset light execution in legal states. Cost to Company is limited to marketing support to advance prospects of market penetration for local licensed distributor/partner. Partner bears all costs with PV product launches.

6. Status of Operations

During the fiscal year, did the Listed Issuer

(a) reduce or impair its principal operating assets; or

The Company impaired its Florida CGU and its PV Brand during the year ended December 31, 2025. See Note 16 and 19 in the Company's Financial Statements for the year ended December 31, 2025 attached as Schedule A.

(b) cease or substantively reduce its business operations with respect to its stated business objectives in the most recent Listing Statement?

During the year ended December 31, 2025, the Company discontinued operations of its wholly owned subsidiary, Pharmaco, Inc., and Restructured its Michigan Distribution Operations See 5(a) above.

7. Business Activity

a) Activity for a mining or oil and gas Listed Issuer

(i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, significant revenue from operations, or $50,000 in exploration or development expenditures?

This is not applicable to the Issuer.

(ii) If the response to (i) above is "no", for the three most recent fiscal years did the Listed Issuer have an aggregate of $100,000 in exploration or development expenditures?

This is not applicable to the Issuer.

b) Activity for industry segments other than mining or oil & gas

(i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, or $100,000 in revenue from operations or $100,000 in development expenditures?

Provide details. This is not applicable to the Issuer.

(ii) If the response to (i) above is "no", for the three most recent fiscal years, did the Listed Issuer have either $200,000 in operating revenues or $200,000 in expenditures directly related to the development of the business?

Provide details. This is not applicable to the Issuer.

SCHEDULE A

AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Red White & Bloom Brands Inc.

Consolidated Financial Statements

For the years ended December 31, 2025, and 2024

CSE: RWB

RED WHITE & BLOOM BRANDS, INC.
MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

April 30, 2026

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Red White & Bloom Brands Inc.

Opinion

We have audited the consolidated financial statements of Red White & Bloom Brands Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive net loss of $68,039,000 during the year ended December 31, 2025, and, as at that date, the Company's current liabilities exceeded its current assets by $29,655,000. As stated in Note 1, these events or conditions, along with other matters described therein, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

(continues)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) *Inventory and biological assets*

Description of the Matter

As at December 31, 2025, the Company recorded cannabis biological assets of $1,165,000, measured at fair value less costs to sell ("FVLCS"). As disclosed in Note 13, biological assets represent living plants up to the point of harvest and are measured at FVLCS at each reporting date. The Company applies an income approach to estimate FVLCS based on the stage of completion of plants at the measurement date.

Auditing the valuation of cannabis biological assets required significant judgment due to the sensitivity of the valuation to key assumptions, including average selling price per gram, weighted average yield per plant, cost per gram to complete production, and stage of completion within the production process. The complexity of the valuation is further increased as the Company operates in multiple jurisdictions, each with differing market pricing dynamics, regulatory environments, and cost structures, which impacts the selection of appropriate valuation inputs. Small changes in these assumptions could have a material impact on the estimated fair value.

How We Addressed the Matter in Our Audit

Our audit procedures included, among others, assessing the valuation methodology applied by the Company, testing the significant assumptions described above, and evaluating the completeness and accuracy of the underlying data used in the valuation. For example, we tested the weighted average yield per plant by observing harvest quantities and comparing them to actual harvest records. We tested average selling prices by comparing to actual sales data and available market information. We also observed the stage of completion of plants at year end and assessed the reasonableness of management's assumptions based on observed production processes and available industry data.

In addition, we assessed the historical accuracy of management's estimates and performed sensitivity analyses on key assumptions to evaluate the impact of changes on the valuation. We also assessed the adequacy of related financial statement disclosures.

(continues)

Key Audit Matters - continued

ii) *Valuation of goodwill and intangible assets*

Description of the Matter

As at December 31, 2025, the Company had allocated goodwill and indefinite-lived intangible assets, including brands and licenses, to its cash-generating units ("CGUs"), including the Canadian CGU, the Platinum Vapes brand, and the Florida CGU.

As disclosed in Note 5 of the consolidated financial statements, goodwill and indefinite-lived intangible assets are tested for impairment annually, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of the CGUs and intangible assets were determined using a combination of value-in-use and fair value less costs of disposal methodologies, depending on the nature of the underlying asset.

Auditing management's estimate of recoverable amount was complex and required significant judgment due to the estimation uncertainty inherent in determining fair value. The valuation is sensitive to key assumptions, including discount rates, royalty rates, forecasted revenues, and the selection of appropriate market-based inputs. Certain of these inputs are not directly observable and require the use of management judgment. In addition, the Company operates across multiple jurisdictions with differing market dynamics, regulatory environments, and cost structures, which increases the complexity in determining appropriate valuation inputs. Small changes in these assumptions could have a material impact on the estimated recoverable amounts.

How We Addressed the Matter in Our Audit

To test the estimated recoverable amounts of the Company's CGUs and intangible assets, we performed audit procedures that included, among others, assessing the valuation methodologies applied by management, testing the significant assumptions described above, and evaluating the completeness and accuracy of the underlying data used in the valuation models.

For example, we assessed the reasonableness of forecasted revenues and margins by comparing to historical performance and current market conditions. We evaluated the selection of discount rates and, where applicable, royalty rates, with reference to observable market data and industry benchmarks. For valuations incorporating market-based inputs, we assessed the relevance and reliability of the underlying data and the appropriateness of its application within the valuation models.

Further, we assessed the historical accuracy of management's estimates and performed sensitivity analyses over key assumptions to evaluate the impact of reasonably possible changes on the recoverable amounts. We also assessed the adequacy of the related financial statement disclosures.

(continues)

INDEPENDENT AUDITORS' REPORT - continued

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the information other than the consolidated financial statements and auditor's report thereon. The information other than the consolidated financial statements and auditor's report thereon comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(continues)

INDEPENDENT AUDITORS' REPORT - continued

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements - continued

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Renaldo Heard.

Williams & Partners

Chartered Professional Accountants LLP
Licensed Public Accountants

Markham, Ontario
April 30, 2026

TABLE OF CONTENTS

RED WHITE & BLOOM BRANDS, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	As at 31-Dec-25	As at 31-Dec-24
		$	**$**
Assets			
Current assets			
Cash and cash equivalents	7	4,567	7,285
Accounts receivable	8	8,317	16,112
Notes receivable	9	31,659	11,397
Prepaid expenses	10	1,051	1,993
Deposits	11	7,605	11,186
Inventory	12	43,438	47,556
Biological assets	13	1,165	1,728
Assets held for Sale	14	6,202	13,192
Other current assets	-	296	913
Total current assets		**104,300**	**111,362**
Non-current assets			
Property, plant and equipment, net	15	40,894	43,644
Intangible assets, net	16	54,657	100,709
Right-of-use assets, net	17	17,749	17,976
Long-term notes receivables	9	5,789	4,439
Investments	18	3,357	2,479
Goodwill	19	-	13,782
Total non-current assets		**122,446**	**183,029**
Total assets		**226,746**	**294,391**
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	20	16,199	24,074
Short-term notes payable	21	39,365	207,419
Short-term convertible notes	21	51,572	45,187
Short-term lease obligations	17	955	701
Income taxes payable	26	13,564	18,313
Liabilities held for Sale	14	11,538	46,199
Other current liabilities	-	762	1,140
Total current liabilities		**133,955**	**343,033**
Non-current liabilities			
Long-term notes payable	21	306,240	39,157
Long-term convertible notes	21	-	44,071
Long-term lease obligations	17	22,553	22,028
Deferred tax liability	26	4,842	19,009
Other non-current liabilities	-	124	122
Total non-current liabilities		**333,759**	**124,387**
Total liabilities		**467,714**	**467,420**
Shareholders' equity			
Share capital	22	342,124	342,111
Contributed surplus		17,402	17,315
Cumulative translation adjustment		(7,419)	(21,888)
Accumulated deficit		(579,508)	(511,134)
Non-controlling interest	27	(13,567)	567
Total shareholders' deficit		**(240,968)**	**(173,029)**
Total liabilities and shareholders' equity		**226,746**	**294,391**

Nature of operations and going concern (note 1)
Segmented results (note 31)
Subsequent events (note 34)
Contingencies and commitments and (note 30)

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

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

RED WHITE & BLOOM BRANDS, INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

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

	Note	Year ended 31-Dec-25	Year ended 31-Dec-24
		$	$
Revenue			
Sales revenue	24	64,828	80,165
Cost of goods sold, before fair value adjustments	-	44,690	59,855
Gross Profit before fair market value adjustments		**20,138**	**20,310**
Unrealized changes in fair value of biological assets	13	6,077	14,117
Realized fair value amounts included in inventory sold	13	(3,638)	(5,981)
Gross profit after fair market value adjustments		**22,577**	**28,446**
Operating Expenses			
General and administration	25	28,004	28,429
Marketing expenses	-	5,449	4,831
Share-based compensation	22	87	195
Depreciation and amortization	15	2,636	2,407
Bad debt expense	8	770	4,538
Total Operating Expenses		**36,946**	**40,400**
Loss from operations before other expenses		**(14,369)**	**(11,954)**
Other expense (income)			
Interest earned on promissory notes	9	(2,917)	(1,180)
Other income	-	(816)	(1,875)
Finance expense	21	36,774	39,487
Accreted interest, leases	17	2,764	2,577
Acquisition costs	6	19	468
Business transaction costs	-	288	422
(Gain) loss on disposal of assets	15	1,505	(275)
(Gain) loss on settlement of debt	21	62	(878)
Gain on investments	6,18	(539)	(7,556)
Inventory write-downs	-	(3)	-
Impairment of intangible assets	16	41,864	-
Impairment of goodwill	19	13,220	-
Foreign exchange	-	11,008	(17,154)
Total other expenses		**103,229**	**14,036**
Loss before income taxes		**(117,598)**	**(25,990)**
Current income tax expense/(recovery)	26	(807)	(2,021)
Deferred income tax expense/(recovery)	26	14,099	1,968
Net loss from continuing operations		**(104,306)**	**(26,045)**
Gain (loss) from discontinued operations	32	21,798	(7,054)
Net loss for the period		**(82,508)**	**(33,099)**
Translation adjustment	-	14,469	(24,859)
Net loss and comprehensive loss		**(68,039)**	**(57,958)**
Net loss attributable to:			
Shareholders on continuing operations	23	(90,172)	(19,162)
Shareholders on discontinued operations		21,798	(7,054)
Non-controlling interests	27	(14,134)	(6,883)
Net loss and comprehensive loss attributable to:			
Shareholders		(53,905)	(51,072)
Non-controlling interests	23	(14,134)	(6,883)
Earnings (loss) per share, basic and diluted			
Net loss per share – continuing operations	23	**(0.19)**	**(0.04)**
Net income (loss) per share – discontinued operations	32	**0.05**	**(0.02)**
Weighted average number of outstanding common shares	22	470,246,559	470,221,901

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

RED WHITE & BLOOM BRANDS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

12 months ended 31-Dec-24	Common Shares	Common Shares	Non-Controlling Interests	Contributed surplus	Cumulative translation adjustment	Accumulated Deficit	Total equity
	#	**$**	**$**	**$**	**$**	**$**	**$**
Balance, January 1, 2024	470,221,901	342,111	7,450	17,120	2,970	(484,920)	(115,269)
Stock based compensation (note 22)	-	-	-	195	-	-	195
Currency translation adjustments	-	-	-	-	(24,858)	-	(24,858)
Net loss from continuing operations	-	-	(6,883)	-	-	(19,160)	(26,043)
Net loss from discontinued operations (note 32)	-	-	-	-	-	(7,054)	(7,054)
Balance, December 31, 2024	**470,221,901**	**342,111**	**567**	**17,315**	**(21,888)**	**(511,134)**	**(173,029)**

12 months ended 31-Dec-25	Common Shares	Common Shares	Non-Controlling Interests	Contributed surplus	Cumulative translation adjustment	Accumulated Deficit	Total equity
	#	**$**	**$**	**$**	**$**	**$**	**$**
Balance, January 1, 2025	470,221,901	342,111	567	17,315	(21,888)	(511,134)	(173,029)
Stock based compensation (note 22)	-	-	-	87	-	-	87
Issuance of shares (note 22)	375,000	13	-	-	-	-	13
Currency translation adjustments	-	-	-	-	14,469	-	14,469
Net loss from continuing operations	-	-	(14,134)	-	-	(90,172)	(104,306)
Net income (loss) from discontinued operations (note 32)	-	-	-	-	-	21,798	21,798
Balance, December 31, 2025	**470,596,901**	**342,124**	**(13,567)**	**17,402**	**(7,420)**	**(579,509)**	**(240,968)**

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

RED WHITE & BLOOM BRANDS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Notes	12 months ended 31-Dec-25	12 months ended 31-Dec-24
		$	$
Cash flow from operating activities:			
Net loss for the period		(82,508)	(33,099)
Items not involving cash	33	73,068	31,757
Changes in non-cash working capital items:			
Accounts receivable	8	7,254	3,269
Prepaid expenses	10	858	681
Deposits	11	3,032	(3,286)
Inventory	12	7,935	(22,104)
Biological Assets	13	2,938	14,030
Accounts payable and accrued liabilities	20	(7,212)	1,038
Current Income tax payable	26	(3,880)	419
Deferred income taxes	26	(13,265)	(2,706)
Other assets	-	600	642
Other liabilities	-	1,617	(4,223)
Net cash used in operating activities		**(9,565)**	**(13,581)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	15	(3,031)	(4,110)
Sale of property, plant and equipment, held for sale	14	2,145	-
Advances on notes receivable	9	(22,030)	(22,027)
Interest receipts on notes receivable	9	363	149
Principal receipts on notes receivable	9	225	149
Acquisition of Aleafia	6	-	1,009
Net cash provided by (used in) investing activities		**(22,328)**	**(24,830)**
Cash flow from financing activities:			
Issuance of promissory note	21	-	7,376
Advances on notes payable	21	39,925	57,710
Interest payments on notes payable	21	(299)	(928)
Principal payments on notes payable	21	(2,555)	(7,252)
Issuance of common shares	22	13	-
Settlement of credit facility in discontinued operations	14	(12,723)	-
Principal payments on lease obligations	17	(411)	(149)
Interest payments on lease obligations	17	(2,764)	(2,824)
Net cash provided by (used in) financing activities		**21,186**	**53,933**
Foreign exchange affecting cash equivalents		7,989	(10,492)
Change in cash during the period		(2,718)	5,030
Cash equivalents, beginning of year		7,285	2,254
Cash, end of year		**4,567**	**7,285**

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

The consolidated financial statements for the period ended December 31, 2025, and 2024 (the "Financial Statements"), have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2025, the Company incurred accumulated net comprehensive losses of $579,508 (2024; $511,134) since inception, including non-cash impairments of $55,084 realized in fiscal year ended 2025 ($41,864 intangibles and $13,220 goodwill), $141 realized in fiscal year ended 2024, and $329,800 realized in prior years, totaling $385,025 in non-cash impairments. For the twelve months ended December 31, 2025, the Company incurred a comprehensive net loss of $96,977 (2024; net loss of $57,955). Working capital deficit (current assets less current liabilities) as at December 31, 2025, was $29,655 (2024; $231,671). Net cash used in operations was $9,507 (2024; $8,660). These circumstances cast significant doubt on the Company's ability to continue as a going concern.

The Company has traditionally relied on debt and equity financing to support its operations. However, due to the current challenges in the global cannabis capital markets, access to financing sources remains limited. As a result, the Company may face cash flow shortages that could impact its ability to sustain ongoing operations, invest in acquisitions and business development initiatives, or meet debt obligations. Despite these challenges, the Company has been successful in obtaining financing to date and recently negotiated favorable terms with its key lenders to renew and (as applicable) restructure issued and outstanding debt that had otherwise matured within the reporting period (Note 21). Having secured the extension of maturity dates and the mutually agreed upon deferral of cash debt service to the next applicable maturity dates for these debts, the Company has been provided with additional cash flow availability, enhancing its ability to manage financial commitments tied to its operations more effectively. If further funding is not accessible through debt instruments or equity capital, delays, postponements, or reductions in certain operational activities may occur.

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

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

2. BASIS OF PRESENTATION

A. STATEMENT OF COMPLIANCE

The Company's Consolidated Financial Statements ("Financial Statements") have been prepared in accordance with and using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended December 31, 2025, and 2024.

These Financial Statements were authorized for issuance by the Company's Board of Directors and Audit Committee on April 30, 2026.

B. BASIS OF MEASUREMENT

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

C. FUNCTIONAL AND PRESENTATION CURRENCY

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

3. BASIS OF CONSOLIDATION

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

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

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

Subsidiary	Source Currency	Jurisdiction	% Ownership As at 31-Dec-25	% Ownership As at 31-Dec-24
Continuing Operations				
Red White & Bloom Brands Inc. (Parent)	**CAD**	**British Columbia, Canada**	**100%**	**100%**
[1]RWB (PV) Canada, Inc.	CAD	Alberta and Ontario, Canada	100%	100%
RWB Licensing Inc.	CAD	British Columbia, Canada	100%	100%
[2]Aleafia Inc.	CAD	Ontario, Canada	100%	100%
[2]Aleafia Farms Inc.	CAD	Ontario, Canada	100%	100%
[2]Aleafia Retail Inc.	CAD	Ontario, Canada	100%	100%
[2]Canabo Medical Corporation	CAD	Ontario, Canada	100%	100%
[2]Emblem Cannabis Corporation	CAD	Ontario, Canada	100%	100%
[3]Emblem Lands LP	CAD	Ontario, Canada	100%	100%
[4]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%
[5]RWB California, Inc.	USD	California, United States	100%	100%
RWB Platinum Vape Inc.	USD	California, United States	100%	100%
RWB Florida, LLC	USD	Florida, United States	77%	77%
Red White & Bloom Florida, Inc.	USD	Florida, United States	77%	77%
[6]MPV Wellness Inc.	USD	Michigan, United States	100%	-
[7]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				
[8]Growwise Health Ltd.	CAD	Ontario, Canada	100%	100%
Vista Prime Management, LLC	USD	California, United States	100%	100%
[9]Vista Prime 3, Inc.	USD	California, United States	100%	100%
[10]Vista Prime 2, Inc.	USD	California, United States	100%	100%
Mid-American Growers, Inc.	USD	Delaware, United States	100%	100%
Pharmaco, Inc.	USD	Michigan, United States	100%	100%
RLTY USA Corp.	USD	Delaware, United States	100%	100%
RWB Illinois, Inc.	USD	Delaware, United States	100%	100%
Real World Business Integration, LLC	USD	Illinois, United States	100%	100%
[11]GC Ventures 2, LLC	USD	Michigan, United States	100%	100%

[1]Incorporated March 7, 2023
[2]Acquired January 12, 2024 (note 6)
[3] Established April 29, 2024
[4]Incorporated April 29, 2024
[5]Incorporated February 7, 2023
6 Incorporated August 15, 2025
[7] Incorporated December 17, 2024
[8] Dissolved December 31, 2025
[9] Dissolved November 6, 2024
[10] Dissolved November 6, 2024
[11] Dissolved November 19, 2024

4. ACCOUNTING PRONOUNCEMENTS

The Company has reviewed all new and amended IFRS Accounting Standards and interpretations issued by the IASB that are effective, or that have been issued but are not yet effective, as at the reporting date. Only those pronouncements that are relevant to, or that management has assessed may have an effect on, the Company's 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 IAS 21 The Effects of Changes in Foreign Exchange Rates (“IAS 21”) – Lack of Exchangeability

On August 15, 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21) to specify when a currency is exchangeable into another currency and, when it is not, how to determine the exchange rate to use and the disclosures to provide. The amendments require an entity to assess whether a currency is exchangeable at the measurement date and for a specified purpose, and when exchangeability is lacking, to estimate the spot exchange rate at a rate that would apply in an orderly transaction between market participants under prevailing economic conditions. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact of using an estimated exchange rate, including the nature and financial effects of the currency not being exchangeable, the estimated exchange rate used, the estimation process, and the risks to which the entity is exposed.

The amendments were effective for annual reporting periods beginning on or after January 1, 2025.

The amendments do not have a material impact on the Financial Statements.

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, 2026, 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.

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 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.

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 consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. As the Company is a publicly traded entity with public accountability, IFRS 19 is not expected to apply to the Company; however, eligible subsidiaries of the Company may elect to apply the standard in their own standalone financial statements.

5. MATERIAL ACCOUNTING POLICIES AND KEY ESTIMATES

The preparation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") requires management to apply accounting policies and to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis; revisions are recognized in the period of revision and in any future periods affected. The accounting policies below have been applied consistently to all periods presented. Where the application of a policy involves significant judgment or estimation uncertainty that has a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, that judgment or estimation uncertainty is disclosed within the relevant policy sub-note below.

Estimates and underlying assumptions are reviewed by management on an ongoing basis and are adjusted to reflect new information, changes in facts and circumstances, historical experience, and reasonable and supportable expectations of future events as they become available. Where the carrying amount of an asset or liability is determined using an estimate, management considers whether the estimate continues to be appropriate at each reporting date in light of the most recent available information. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and in any future periods affected, in accordance with IAS 8 — *Accounting Policies, Changes in Accounting Estimates and Errors*. Changes in accounting estimates that affect the current period only are recognized in profit or loss in the period of the change; changes that affect both the current and future periods are recognized in profit or loss in the current period and prospectively in future periods.

A. Control

In accordance with IFRS 10 — *Consolidated Financial Statements*, the Company has control over an investee when it has power over the investee, is exposed or has rights to variable returns from its involvement with the investee, and has the ability to use its power to affect those returns. Power most commonly arises from holding a majority of voting rights but may also arise from contractual arrangements, potential voting rights, decision-making rights granted by agreement, de facto control, or other facts and circumstances that confer the practical ability to direct the relevant activities. Significant influence is the power to participate in the financial and operating policy decisions of the investee without controlling or jointly controlling those policies and is presumed to exist where the Company holds 20 percent or more of the voting rights, unless clearly demonstrated otherwise. Joint control exists when decisions about the relevant activities of an arrangement require the unanimous consent of the parties sharing control. The Company reassesses these conclusions whenever facts and circumstances indicate a change to one or more of the underlying elements.

Where the Company is determined to have control, the entity is consolidated from the date control is obtained until the date control ceases. Judgment is applied in determining the effective date on which control is obtained or lost, particularly where the change arises from contractual arrangements, court-supervised proceedings, restructuring transactions, or other facts and circumstances rather than from the acquisition or disposal of a majority of voting rights. Indicators considered in this assessment include the date on which the Company obtains or loses the practical ability to direct the relevant activities of the investee, the date on which exposure to variable returns commences or ceases, and the date on which any contractual or legal conditions precedent to the transfer of control are satisfied. Where loss of control results from receivership, bankruptcy, or other insolvency proceedings, the date of loss of control may precede the date of any formal court order or asset disposition. The conclusion reached affects the date from which the subsidiary is deconsolidated, the measurement of any gain or loss on loss of control, and the recognition of any retained interest at fair value.

Common-control transactions fall outside the scope of IFRS 3 — *Business Combinations*. The Company has adopted an accounting policy of recording such transfers using the predecessor values method, under which the assets and liabilities transferred are recognized by the receiving entity at their pre-transfer carrying amounts, with no remeasurement to fair value and no recognition of goodwill. The classification of a transaction as falling within or outside common control therefore affects whether the assets transferred are recognized at carrying amounts or at fair value, whether goodwill is recognized, and whether any difference between consideration transferred and net assets received is recognized in equity or in profit or loss.

***Critical accounting estimates and judgments**:* Judgment is applied in assessing whether the Company exercises control, joint control, or significant influence over entities in which it directly or indirectly holds an interest, and the effective date on which control is obtained or lost. The conclusions reached affect the scope of consolidation, the date from which an investee is consolidated or deconsolidated, and the accounting treatment applied to transactions between entities within the group. Judgment is also applied in determining whether a transfer of assets, liabilities, or businesses between entities within the group constitutes a transaction under common control. This determination requires an assessment of whether the entities involved are ultimately controlled by the same party, both before and after the transaction, and whether that control is not transitory.

The judgments, estimates, and assumptions set out above are those that management has determined to have the most significant effect on the amounts recognized in these consolidated financial statements and that carry a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Estimates and underlying assumptions are reviewed and on an ongoing basis.

Note 2 of these Financial Statements include all entities over which the Company has determined it has control.

B. Foreign Currency Translation

The functional currency of each entity within the Company is determined in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates* by reference to the currency that mainly influences sales prices and input costs, the competitive and regulatory environment, and the currencies in which financing is obtained and operating receipts are retained. Transactions denominated in a currency other than an entity's functional currency are translated at the exchange rate at the transaction date; monetary assets and liabilities are subsequently translated at the closing rate at the reporting date, with exchange differences recognized in profit or loss. On consolidation, the results and financial position of subsidiaries whose functional currency is not the Canadian dollar are translated into Canadian dollars at the closing rate for assets and liabilities and the average rate for revenues and expenses; resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity, and reclassified to profit or loss on disposal of the foreign operation.

C. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash held with financial institutions, cash in transit, and short-term deposits that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with original maturities of three months or less from the date of acquisition. Cash and equivalents of the Company are disclosed in Note 7.

D. Accounts Receivable and Expected credit losses

The Company recognizes a loss allowance for expected credit losses ("ECL") on its financial assets measured at amortized cost in accordance with IFRS 9 *Financial Instruments*. For trade receivables that do not contain a significant financing component, the Company applies the simplified approach and measures the loss allowance at an amount equal to lifetime ECL using a provision matrix based on shared credit risk characteristics and days past due, adjusted for current conditions and reasonable and supportable forward-looking information. For other receivables, including those arising from licensing arrangements, the Company applies the general approach, measuring the loss allowance at 12-month ECL unless there has been a significant increase in credit risk since initial recognition or the asset is credit-impaired, in which case lifetime ECL applies. Receivables are written off against the loss allowance when there is no reasonable expectation of recovery (Note 8).

***Critical accounting estimates and judgments**:* The measurement of ECL requires management judgment in identifying significant increases in credit risk, grouping receivables with shared credit characteristics, selecting historical loss experience representative of current conditions, and incorporating forward-looking information. Changes in these judgments could result in a materially different loss allowance and a corresponding impact on profit or loss.

E. Inventory

Inventory is measured at the lower of cost and net realizable value in accordance with IAS 2 *Inventories*. Following harvest, cannabis biomass is transferred from biological assets to inventory at its fair value less costs to sell at the point of harvest, which becomes the deemed cost on initial recognition. Cost comprises the costs of purchase and conversion and other costs incurred in bringing inventory to its present location and condition, including direct labour, post-harvest processing costs (drying, curing, extraction, laboratory testing, quality assurance, and packaging), and fixed and variable production overheads allocated on the basis of normal operating capacity. Cost is determined using the weighted average cost method. Borrowing costs and abnormal amounts of wasted materials, labour and overheads are expensed as incurred. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs to make the sale. Write-downs are recognized in cost of sales and are reversed, up to the amount of the original write-down, where the circumstances that caused them no longer exist.

Critical accounting estimates and judgments: Measurement of inventory requires management judgment principally in relation to the deemed cost at the point of harvest (refer to Biological Assets below), the estimated net realizable value (which depends on expected future selling prices, costs to complete, costs to sell, and is subject to cannabis price volatility, product quality and potency, and regulatory and market conditions), the allocation of fixed production overheads on the basis of normal operating capacity, and the identification of obsolete, damaged and slow-moving inventory.

F. Biological Asset Valuation

The Company's biological assets, which consist of cannabis plants at various stages of growth, are measured at fair value less costs to sell at each reporting date in accordance with IAS 41 *Agriculture*, with any gain or loss on initial recognition and from subsequent changes in fair value less costs to sell recognized in profit or loss in the period in which it arises. Fair value is determined using the income approach, which estimates the expected harvest yield in grams for plants being cultivated at the reporting date, adjusted for the stage of growth, the expected selling price per gram, expected wastage, and expected costs to complete and sell. The following significant inputs, all of which are classified within Level 3 of the fair value hierarchy except for selling price which is classified within Level 2, are used in the model:

- ***Selling price*** – the expected selling price per gram, determined by reference to observable market prices, including the Company's own recent arm's-length wholesale sales and published wholesale indices, for the principal market applicable to each operating subsidiary;
- ***Stage of growth*** – the weighted average number of days through the growing cycle that biological assets have reached at the measurement date, used to pro-rate expected harvest-date fair value on a straight-line basis;
- ***Yield per plant*** – the expected dried grams of cannabis per harvested plant, derived from historical harvest data for each cultivar;
- ***Wastage*** – the expected percentage of biological assets that will fail to reach harvest; and
- ***Post-harvest and costs to complete*** – the expected per-gram cost to bring harvested cannabis to its saleable form, including direct and indirect materials, labour, and packaging.

Costs to sell comprise the incremental costs directly attributable to the sale of the biological asset and exclude finance costs and income tax. Unrealized gains and losses arising from changes in fair value less costs to sell during the period are presented as a separate line within gross profit in the consolidated statements of loss and comprehensive loss.

The Company's biological assets are held across cultivation, processing and retail operating subsidiaries that access different principal markets. In accordance with IFRS 13.16–18, the Company determines the principal market for each operating subsidiary based on the market with the greatest volume and level of activity for that subsidiary's biological assets, considering the licences held by the subsidiary, its legally permissible highest and best use, and the characteristics of the asset at the measurement date. Management has concluded that applying selling price inputs on an entity-by-entity basis, aligned to each subsidiary's principal market, results in a more faithful representation of fair value than applying a single consolidated selling price across all biological assets.

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

The methodology applied to each subsidiary is summarized below:

Operating subsidiary	Operation	Principal market	Selling price input used
Aleafia Farms Inc. ("AFI") – Canada	Cannabis cultivation (standard cultivation licence)	Canadian wholesale cannabis market	Trim: actual wholesale selling prices realized by AFI on arm's-length third-party sales, corroborated against Cannabis Benchmarks / published wholesale indices (Level 2). Bud: observable wholesale prices for similar assets from Cannabis Benchmarks and competitor transaction data (Level 2).
Emblem Cannabis Corporation ("ECC") – Canada	Cannabis cultivation and processing	International wholesale export (Grade A flower) and Canadian wholesale (Grade E trim)	Grade A flower: actual international wholesale selling prices realized on arm's-length sales (Level 2). Grade E trim: potency-weighted domestic wholesale price (Level 2, adjusted for strain-specific THC content).
Red White & Bloom Michigan LLC ("RWBM") – Michigan, U.S.A.	Cannabis cultivation and wholesale distribution	Michigan adult-use wholesale market	Bud and Shake/Trim: observable wholesale prices for similar assets in the Michigan adult-use market, corroborated against published Michigan cannabis market data and competitor transaction information (Level 2).
Red White & Bloom Florida, Inc. ("RFL") – Florida, U.S.A.	Vertically integrated medical marijuana treatment centre (cultivation, processing, dispensary)	Florida medical cannabis retail (end consumer)	Expected retail selling price per gram for finished cannabis products by product category (Bud, Fresh Frozen, AutoFlower/BioMass), based on current dispensary menu pricing (Level 2 for observable list prices; Level 3 for category mix and realization assumptions).

Management has concluded that applying wholesale selling price inputs for cultivation-only subsidiaries and retail selling price inputs for vertically integrated retail operations represents the appropriate application of IFRS 13.11 (characteristics of the asset), IFRS 13.16–18 (principal market), IFRS 13.22–23 (market participant assumptions) and IFRS 13.27–31 (highest and best use). Using the exit price of a downstream processor or retailer would embed intercompany synergies and entity-specific advantages that are not attributes of the biological asset being measured and would contradict the market-based (rather than entity-specific) basis of measurement required by IFRS 13.2.

Critical accounting estimates and judgments: The measurement of biological assets at fair value less costs to sell in accordance with IAS 41 and IFRS 13 Fair Value Measurement involves the application of significant management judgment, estimates and assumptions. In applying the Company's accounting policy, management has made the following significant judgments: the selection of the valuation technique most appropriate in the circumstances; the determination of the principal (or most advantageous) market for the biological assets; the identification of the assumptions that market participants would use in pricing the asset; and the determination of the highest and best use of the asset.

Key sources of estimation uncertainty relate to the inputs to the valuation model, including the expected selling price per gram, the expected yield per plant, the stage of biological transformation at the measurement date, the expected wastage rate, and the expected post-harvest costs to complete and costs to sell. Changes in any of these judgments, estimates or assumptions could result in a materially different carrying amount of biological assets and a correspondingly different unrealized fair value gain or loss recognized in profit or loss. Because many of the inputs are classified within Level 3 of the fair value hierarchy, the carrying amount of biological assets is inherently uncertain.

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

G. Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16 *Property, Plant and Equipment* (Note 15). Cost comprises the purchase price and expenditures directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management. Expenditures below the Company's capitalization threshold of $5,000 and repairs and maintenance that do not extend the useful life or enhance the future economic benefits of the asset are recognized in profit or loss as incurred. Depreciation is recognized on a straight-line basis over the estimated useful life of each asset, less its estimated residual value, from the date the asset is available for use. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. On disposal, the cost and accumulated depreciation are derecognized, and any resulting gain or loss is recognized in profit or loss. Estimated useful lives applied are as follows:

Property, plant and equipment	Depreciation Method	Useful Life
Land	Non-depreciating	Not applicable
Construction in process	Non-depreciating	Not applicable
Land improvements	Straight-line	10 – 15 years
Buildings	Straight-line	20 – 40 years
Building improvements	Straight-line	20 – 40 years
Leasehold improvements	Straight-line	Life of lease
Computer hardware	Straight-line	3 years
Furniture and fixtures	Straight-line	2 – 12 years
Machinery and equipment	Straight-line	2 – 20 years
Vehicles	Straight-line	3 – 5 years
Right-of-use assets	Straight-line	Life of lease (plus assessed renewal)

Critical accounting estimates and judgments: The determination of useful lives, residual values and depreciation methods requires management judgment based on the expected pattern of consumption of the future economic benefits embodied in the asset. Changes in these estimates could result in a materially different depreciation charge.

H. Right-of-Use Assets and Lease Liabilities

At inception of a contract, the Company assesses whether the contract is, or contains, a lease in accordance with IFRS 16 *Leases*. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a contract contains a lease, the Company recognizes a right-of-use asset and a corresponding lease liability at the commencement date.

The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability, any lease payments made at or before the commencement date less lease incentives received, initial direct costs, and an estimate of restoration costs. It is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, depreciated on a straight-line basis over the lease term, and tested for impairment in accordance with IAS 36.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the rate implicit in the lease or, where not readily determinable, the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed), variable lease payments that depend on an index or rate, residual value guarantees, and the exercise price of purchase or termination options where the Company is reasonably certain to exercise them. Subsequent to initial recognition, the liability is increased for interest, reduced for payments made, and remeasured for reassessments of the lease term, changes in in-substance fixed payments, or lease modifications, with the offset recognized as an adjustment to the right-of-use asset (or in profit or loss where the right-of-use asset has been reduced to zero). Variable lease payments that do not depend on an index or rate are expensed in the period in which the triggering event occurs.

Critical accounting estimates and judgments: Application of IFRS 16 requires management judgment in determining the lease term (including whether the Company is reasonably certain to exercise extension options or not to exercise termination options), in determining the incremental borrowing rate where the rate implicit in the lease cannot be readily determined, and in assessing whether a right-of-use asset is impaired. Changes in these judgments could affect the measurement of lease liabilities and right-of-use assets and the related depreciation and interest expense.

I. Intangible Assets

Intangible assets are recognized and measured in accordance with IAS 38 Intangible Assets (Note 16). Intangible assets with finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful life of the asset, less its estimated residual value, from the date the asset is available for use. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Finite-life intangible assets are assessed for indicators of impairment at each reporting date and tested for impairment whenever such indicators exist. On disposal, the difference between the net proceeds and the carrying amount is recognized in profit or loss.

The amortization methods and useful lives applied to finite-lived intangible assets are as follows:

Intangible asset	Amortization Method	Useful Life
Product license	Straight-Line	5.5 years
Retail License	Straight-Line	5.5 years

Intangible assets with indefinite useful lives are measured at cost less any accumulated impairment losses and are not amortized. Such assets are tested for impairment annually, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The assessment of whether an intangible asset has an indefinite useful life is reviewed at each reporting date; where a useful life is reassessed as finite, the change is accounted for prospectively as a change in accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Critical accounting estimates and judgments: The determination of useful lives for finite-life intangible assets and the assessment of whether an intangible asset's useful life is indefinite require the exercise of significant management judgment. Changes in these judgments could result in a materially different amortization charge or impairment loss.

J. Goodwill

Goodwill represents the excess of the consideration transferred in a business combination over the fair value of the net identifiable assets acquired and liabilities assumed at the acquisition date, in accordance with IFRS 3 Business Combinations. Goodwill is measured at cost less any accumulated impairment losses and is not amortized. For impairment testing, goodwill is allocated to the cash-generating units ("CGUs") or groups of CGUs expected to benefit from the synergies of the business combination. Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable, in accordance with IAS 36 Impairment of Assets. Impairment losses are allocated first to goodwill and then pro rata to the other assets of the CGU based on their carrying amounts, recognized in profit or loss, and are not reversed in subsequent periods.

***Critical accounting estimates and judgments*:** Value in use is determined using a discounted cash flow model, with key assumptions including forecast cash flows, revenue and margin growth rates, terminal growth rates, and the discount rate applied. Cash flows are derived from management-approved budgets. Fair value less costs of disposal is determined where applicable by reference to observable market prices or comparable company transaction multiples. The determination of CGUs, the allocation of goodwill to CGUs, the forecast cash flows, and the discount rate all require significant management judgment, and the recoverable amount is most sensitive to the discount rate and expected future cash flows.

K. Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that its non-financial assets may be impaired, in accordance with IAS 36 *Impairment of Assets*. Where such an indication exists, or where annual impairment testing is required, the recoverable amount is estimated as the higher of fair value less costs of disposal and value in use. Value in use is determined by discounting estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the CGU to which the asset belongs is determined. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. At each subsequent reporting date, the Company assesses whether a previously recognized impairment loss (other than on goodwill) has decreased or no longer exists; where such indicators exist, the impairment is reversed to the extent of the revised recoverable amount, not exceeding the carrying amount that would have been determined, net of depreciation or amortization, had no impairment been recognized.

Critical accounting estimates and judgments: A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of those from other assets. The identification of CGUs requires management judgment based on how assets are utilized, how operations are managed and monitored, and the degree of shared infrastructure and geographical proximity. The recoverable amount is most sensitive to the discount rate and expected future cash flows; changes in either could result in a materially different impairment loss.

L. Assets and Liabilities Held for Sale

Non-current assets and disposal groups are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations when their carrying amount will be recovered principally through sale rather than continuing use, they are available for immediate sale in their present condition, and the sale is highly probable and expected to be completed within one year from the date of classification. They are measured at the lower of carrying amount and fair value less costs to sell, with any resulting impairment recognized in profit or loss. Non-current assets classified as held for sale are not depreciated or amortized. Investments in associates or joint ventures cease to be equity accounted from the date of classification as held for sale. Subsidiaries that meet the criteria for classification as held for sale continue to be consolidated until the Company loses control, in accordance with IFRS 10 Consolidated Financial Statements. On the date control is lost, the subsidiary is derecognized and any resulting gain or loss is recognized in profit or loss.

M. Financial Instruments

The Company recognizes a financial asset or financial liability when it becomes a party to the contractual provisions of the instrument and classifies and measures its financial instruments in accordance with IFRS 9 Financial Instruments. Financial assets and financial liabilities are initially measured at fair value; transaction costs directly attributable to acquisition or issuance are added to or deducted from the initial fair value, except for financial instruments classified at FVTPL, for which transaction costs are recognized in profit or loss as incurred.

A financial asset is measured at amortized cost where it is held within a business model whose objective is to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest ("SPPI"). A debt investment is measured at fair value through other comprehensive income ("FVOCI") where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling, and the cash flows meet the SPPI test. Equity investments held for trading are measured at fair value through profit or loss ("FVTPL"); for other equity investments, the Company may irrevocably elect, on initial recognition, to present subsequent fair value changes in other comprehensive income. All other financial assets, including all derivatives, are measured at FVTPL. Financial liabilities are measured at amortized cost unless classified or designated at FVTPL. Financial assets are reclassified only on a change in business model; financial liabilities are not reclassified.

The classification of the Company's financial instruments is summarized below:

Asset or Liability	Classification under IFRS 9	Measurement
Cash	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Notes receivable	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Other current assets	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Notes payable	Amortized cost / FVTPL	Amortized cost / Fair value
Credit facility	Amortized cost	Amortized cost
Other current liabilities	Amortized cost	Amortized cost
Convertible notes	Amortized cost	Amortized cost
Derivative liabilities	FVTPL	Fair value

Financial assets measured at amortized cost and debt investments at FVOCI are subject to impairment under the ECL model (refer to sub-note D – Accounts Receivable and Expected Credit Losses). A financial asset is derecognized when the contractual rights to cash flows expire or the Company transfers substantially all the risks and rewards of ownership; a financial liability is derecognized when the contractual obligation is discharged, cancelled, or expires.

Fair value hierarchy

Fair values are determined in accordance with IFRS 13 Fair Value Measurement using a three-level hierarchy: Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly; and Level 3 – inputs not based on observable market data. The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term nature. The carrying amounts of notes payable and convertible debentures approximate fair value as their contractual interest rates approximate prevailing market rates.

Critical accounting estimates and judgments: The determination of fair value, and the allocation of proceeds in compound or multi-element financing transactions, requires management judgment in selecting valuation techniques and inputs, particularly for instruments measured using Level 3 unobservable inputs. Changes in techniques or inputs could result in materially different fair value measurements.

N. Convertible Debentures

Convertible debentures are compound financial instruments accounted for by their components in accordance with IAS 32 *Financial Instruments: Presentation*. Where the conversion feature results in the exchange of a fixed number of the Company's own equity instruments for a fixed amount of cash, the instrument is bifurcated into a financial liability and an equity component; where the fixed-for-fixed criterion is not met, the conversion feature is accounted for as an embedded derivative at FVTPL in accordance with IFRS 9, with the host debt measured as the residual. The financial liability is initially measured at the fair value of a similar liability without a conversion feature and subsequently measured at amortized cost using the effective interest method until extinguished on conversion, repayment, or maturity. The equity component is measured as the residual of the proceeds and is not subsequently remeasured. Transaction costs are allocated to the liability and equity components in proportion to the allocation of proceeds; costs allocated to the liability are amortized over the term using the effective interest method, and costs allocated to the equity component are recognized directly in equity.

Critical accounting estimates and **judgments:** The determination of the market rate of interest applicable to a comparable non-convertible instrument requires management judgment; changes in this input could result in a materially different allocation between the liability and equity components at initial recognition, and a correspondingly different interest expense recognized over the life of the instrument.

O. Derivative Liabilities

Derivative liabilities are accounted for in accordance with IFRS 9 Financial Instruments. A derivative is a financial instrument whose value changes in response to an underlying variable, requires little or no initial net investment, and is settled at a future date. Derivative liabilities are initially recognized at fair value, with transaction costs expensed as incurred, and subsequently measured at fair value with changes recognized in profit or loss. Hybrid contracts with non-derivative financial liability or non-financial hosts are assessed for embedded derivatives; an embedded derivative is separated where its economic characteristics are not closely related to those of the host, it meets the definition of a derivative, and the hybrid contract is not itself measured at FVTPL. Separated embedded derivatives are accounted for as standalone derivative liabilities. A derivative liability is derecognized when the underlying obligation is discharged, cancelled, or expires.

P. Provisions and Contingent Liabilities

Provisions are recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, discounted to present value where the effect of the time value of money is material. A provision is recognized for an onerous contract where the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received. Contingent liabilities are not recognized but are disclosed, unless the possibility of an outflow is remote.

Critical accounting estimates and judgments: In the normal course of business, the Company is subject to claims, disputes and legal proceedings. The recognition and measurement of provisions and the disclosure of contingent liabilities require management judgment in assessing the probability of an outflow and in estimating the amount of settlement. Management monitors the status of legal matters and consults external counsel in forming its judgments. Changes in the assessed probability or estimated settlement could result in a materially different provision.

Q. Share Capital

Financial instruments issued by the Company are classified as equity in accordance with IAS 32 Financial Instruments: Presentation only to the extent they do not meet the definition of a financial liability. The Company's common shares, preferred shares, the conversion feature of convertible debentures, warrants, and stock options are classified as equity and are not subsequently remeasured. Proceeds received on the issuance of compound instruments are allocated to the liability and equity components based on the fair value of each component at the issuance date. Incremental costs directly attributable to the issuance of equity instruments are recognized as a deduction from equity, net of any related income tax effects.

R. Revenue Recognition

Revenue is recognized in accordance with IFRS 15 *Revenue from Contracts with Customers*. The Company applies the five-step model: identifying the contract, identifying the performance obligations, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue when or as each performance obligation is satisfied. A contract is accounted for under IFRS 15 only when it has been approved by the parties, each party's rights and payment terms are identifiable, the contract has commercial substance, and it is probable that the consideration will be collected.

Revenue is recognized at the point in time when control of the goods transfers to the customer, which generally occurs when the goods are shipped or delivered in accordance with the shipping terms set out in the customer contract. Revenue is measured at the amount of consideration the Company expects to receive, net of promotional discounts, estimated returns, and sales taxes. Reserves for sales returns have not historically been material. For contracts with multiple performance obligations, the transaction price is allocated based on the relative stand-alone selling prices; where not directly observable, the Company uses an adjusted market assessment approach. Contract assets arise when the Company transfers goods or services in advance of receiving consideration, and contract liabilities arise when consideration is received in advance of the transfer.

The Company generates revenue from three sales channels:

- **Distribution** – recognized when control of the goods transfers to the customer being the date the goods are shipped (FOB shipping point), the date the goods are delivered (FOB destination), or the date the goods are transferred to the customer's carrier where the customer arranges pickup. Shipping costs incurred by the Company are recognized in cost of sales.
- **Licensing** – revenue from sales to licensed third-party distributors of non-THC branded products, and licensing fees associated with the use of non-THC branded products.
- **Retail** – recognized at the point of sale, net of promotional discounts, estimated returns, and sales taxes.

Retail revenue is settled in cash or by credit at the point of sale; distribution and licensing revenue is settled on commercial credit terms typically due within 30 days of invoice. The Company does not provide warranties on its products.

Critical accounting estimates and judgments: Application of IFRS 15 requires management judgment in estimating variable consideration (returns, refunds, price concessions), in determining whether control of the goods or services has transferred to the customer, and in determining whether performance obligations are satisfied at a point in time or over time.

S. Cost of Goods Sold

Cost of goods sold comprises the costs of bringing inventory to its saleable condition and location, including post-harvest processing costs, product costs, packaging and labelling, warehousing, fulfillment, freight, and applicable duties and tariffs. Cost of sales also includes write-downs of inventory to net realizable value, inventory shrinkage and obsolescence, and the realized fair value adjustment on inventory sold during the period.

T. Share-based Compensation

Share-based compensation is accounted for in accordance with IFRS 2 *Share-based Payment*. Under the Company's stock option plan, the Company may grant employees, directors, and consultants’ options to acquire common shares. Equity-settled share-based payment transactions with employees are measured at the fair value of the equity instruments granted at the grant date, determined using the Black-Scholes option pricing model, and recognized as a share-based compensation expense over the vesting period with a corresponding increase in equity reserves. Awards with graded vesting are accounted for as separate tranches, with the fair value of each tranche expensed over its respective vesting period. Equity-settled transactions with non-employees are measured at the fair value of the goods or services received or, where not reliably measurable, at the fair value of the equity instruments granted at the date the goods or services are received. Consideration received on the exercise of stock options is recognized as share capital together with the fair value of the options previously recognized in equity reserves.

Critical accounting estimates and judgments: The Black-Scholes option pricing model requires management judgment in determining the expected life of the option, expected volatility, the risk-free interest rate, expected dividend yield, and expected forfeiture rate. Changes in these inputs could result in a materially different fair value and share-based compensation expense.

U. Business Combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business Combinations*. The consideration transferred is measured at the acquisition-date fair value of assets transferred, equity instruments issued, and liabilities incurred or assumed. Acquisition-related costs are recognized in profit or loss as incurred. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, except for deferred tax, leases, and non-current assets held for sale, which are measured in accordance with IAS 12, IFRS 16, and IFRS 5 respectively. Non-controlling interests are measured, on an acquisition-by-acquisition basis, either at fair value or at the proportionate share of the acquiree's identifiable net assets. Contingent consideration is measured at fair value at the acquisition date; subsequent changes in the fair value of contingent consideration classified as a financial liability are recognized in profit or loss. Goodwill is measured as the excess of the consideration transferred, the amount of any non-controlling interest, and the acquisition-date fair value of any previously held equity interest in the acquiree, over the fair value of the identifiable net assets acquired. Where this amount is negative, a bargain purchase gain is recognized in profit or loss following reassessment of the identification and measurement of the net identifiable assets.

Critical accounting estimates and judgments: Application of the acquisition method requires management judgment in determining the fair values of identifiable assets acquired, liabilities assumed, and contingent consideration, and in measuring non-controlling interests. Identifiable intangible assets are typically measured using income-based valuation techniques; these are sensitive to forecast revenue and margin, the probability and timing of expected cash flows, the useful life of the asset, and the discount rate applied. Changes could result in a materially different carrying amount of acquired intangibles and goodwill.

V. Discontinued Operations

A component of the Company is classified as a discontinued operation in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations when it has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line or area, or is a subsidiary acquired exclusively with a view to resale. Discontinued operations are presented in profit or loss as a single amount comprising the post-tax profit or loss of the discontinued operation and the post-tax gain or loss on the remeasurement to fair value less costs to sell or on disposal, with comparative amounts restated. Where a component previously classified as a discontinued operation ceases to meet the criteria to be classified as held for sale, its results are reclassified to continuing operations for all periods presented.

W. Income Taxes

Income tax expense comprises current and deferred tax, accounted for in accordance with IAS 12 Income Taxes. Tax is recognized in profit or loss except to the extent it relates to items recognized in other comprehensive income or directly in equity, in which case the tax follows the related item. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment in respect of prior periods. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and their tax bases, measured using rates enacted or substantively enacted at the reporting date and expected to apply when the temporary differences reverse. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized and are reviewed at each reporting date. Interest and penalties in respect of income taxes are recognized in general and administrative expenses.

Critical accounting estimates and judgments: The recognition of deferred tax assets, including those arising from unused tax losses and deductible temporary differences, requires management judgment in assessing the probability that sufficient future taxable profits will be available against which the assets can be utilized. Estimates are based on forecast cash flows from operations and the application of enacted or substantively enacted tax laws in each jurisdiction in which the Company operates. Changes in future taxable profits or in tax legislation could result in a materially different carrying amount of deferred tax assets and a correspondingly different deferred tax expense.

X. Loss per Share

Basic loss per share is calculated in accordance with IAS 33 *Earnings per Share* by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share adjusts the weighted average number of common shares outstanding for the effect of all potentially dilutive common shares, including those issuable on the exercise or conversion of stock options, restricted stock units, warrants, and convertible securities. Potential common shares are excluded from the calculation where their inclusion would be anti-dilutive; as the Company has incurred a net loss in the periods presented, diluted loss per share equals basic loss per share.

Y. Determination of cash-generating units

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, in accordance with IAS 36 *Impairment of Assets*. The identification of CGUs requires significant management judgment, including consideration of how assets are utilized to generate cash inflows, how operations are managed and monitored, and the degree of shared infrastructure, common operations, and geographical proximity between assets. Where an individual asset cannot be tested for impairment on a stand-alone basis because it does not generate cash inflows that are largely independent of those from other assets, it is grouped with other assets within the CGU to which it belongs. The assessment of the recoverable amount of a CGU, being the higher of its fair value less costs of disposal and its value in use, requires estimates of future cash flows expected to be derived from the CGU and the selection of an appropriate discount rate. Changes in the identification of CGUs or in the inputs used to measure recoverable amount could result in a materially different impairment charge.

Z. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Makers ("CODMs"), being the Chief Executive Officer and President of the Company, who are responsible for allocating resources and assessing segment performance based on operating income or loss. The Company's reportable segments, organized based on channels to end-user markets, are:

- **Corporate** – the publicly traded parent company and select wholly owned affiliates, representing a cost centre for public company reporting and administrative costs;
- **Distribution** – subsidiaries licensed to cultivate, manufacture, process and distribute Company-branded and third-party cannabis products and accessories to licensed retailers in Michigan and California, and to intermediary distributors in Canada;
- **Licensing –** sales of branded non-THC products and licensing fees earned from third-party distributors; and
- **Retail –** sales of Company-branded and third-party cannabis products and accessories to consumers and patients in the legal adult-use and medical markets in Florida, Michigan, and Canada
- All other non-reporting segments are included in an "Other" category.

AA. Related Party Transactions

Related parties are identified in accordance with IAS 24 *Related Party Disclosures*. A person or a close family member is related to the Company if that person has control, joint control or significant influence over the Company, or is a member of the key management personnel of the Company or its parent. An entity is related to the Company if the entities are members of the same group; if one is an associate or joint venture of the other; if both are joint ventures of the same third party; if one is a joint venture and the other an associate of a common third party; if the entity is a post-employment benefit plan for the Company's employees or those of a related entity; if the entity is controlled or jointly controlled by a related person; if a related person has significant influence over the entity or is a member of its key management personnel; or if the entity provides key management personnel services to the Company.

BB. Going Concern

These consolidated financial statements have been prepared on a going concern basis in accordance with IAS 1 Presentation of Financial Statements.

Critical accounting estimates and judgments: Assessing the Company's ability to continue as a going concern for a period of at least twelve months from the reporting date requires management judgment and estimates regarding forecast cash flows from operations, the timing and availability of financing, the execution of strategic initiatives, the maturity profile of the Company's debt obligations, and prevailing economic and market conditions. Where events or conditions are identified that may cast significant doubt on the Company's ability to continue as a going concern, management evaluates whether its plans to address those conditions are feasible and probable of being implemented. Changes in the underlying assumptions could result in a materially different going concern conclusion and, where applicable, the disclosure of material uncertainties.

6. ACQUISITIONS

ALEAFIA ACQUISITION

On January 12, 2024 (the “Acquisition Date”), the Company, through its subsidiary RWB (PV) Canada, Inc., acquired 100% of a newly created class of common shares of Emblem Cannabis Corporation ("ECC"), Canabo Medical Corporation ("CMC"), and Aleafia Retail Inc. ("ARI") (collectively, the "Purchased Entities"). This acquisition (the "Aleafia Acquisition") was executed in connection with proceedings under the Companies' Creditors Arrangement Act (the "CCAA Proceedings") involving Aleafia Health Inc. and certain of its subsidiaries (collectively, the "Aleafia Group").

Upon completion of the Aleafia Acquisition, the Company became the sole shareholder of the Purchased Entities and their respective subsidiaries.

The total consideration for the Aleafia Acquisition was $30,565, comprising:

- $24,195 through the release of debt obligations payable by the Aleafia Group under the AH Note Receivable and the AH DIP Note (refer to Note 9); and
- $6,370 in cash consideration, funded through a combination of existing cash reserves held by the Purchased Entities and a drawdown under the Company's CAD RGR Grid Note (refer to Note 21). These funds were allocated to discharge outstanding obligations under a pre-existing credit agreement and to finance closing costs and post-closing expenses incurred by the Monitor and respective legal counsel.

All identifiable net assets held by the Purchase Entities, including inventory, biological assets, property, plant and equipment, investments, intangible assets and goodwill, have been recorded at their respective fair market values as assessed on Acquisition Date.

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

The purchase price allocation for the Aleafia Acquisition is as follows:

	$
AH DIP Note allocated to purchase of shares	7,241
AH Note Receivable allocated to purchase of shares	16,954
Cash consideration	6,370
Total consideration	**30,565**
Identifiable assets (liabilities) acquired	
Cash and equivalents	1,009
Receivables	2,230
Prepaids and deposits	1,722
Inventory	7,267
Biological assets	692
Land	11,700
Property, plant and equipment	9,686
Right of use assets	36
Intangible assets	4,681
Investments	1,837
Payables	(2,360)
Taxes payable	(72)
Accrued liabilities	(843)
Other payables	(65)
Lease obligations	(41)
Total identifiable net assets	**37,479**
[1]Excess consideration over net identifiable assets	**(6,914)**
Total consideration	**30,565**

During the year ended December 31, 2025, the Company expensed $4 in acquisition costs relating to the Aleafia Acquisition ($468; 2024). Revenue of the Purchased Entities post-acquisition for the year ended December 31, 2025, amounted to $24,560 (2024; $19,448) and net income totalled $2,125 (2024; $2,985).

Had the Aleafia Acquisition closed on January 1, 2024, the Company estimates it would have recorded consolidated revenues of $80,697 and a consolidated net loss of $33,601 for the comparative year ended December 31, 2024 , resulting in an increase in revenue of $532 and an increase in net loss of $504 for the year, including the impact of a bargain purchase amounting to $6,914 recorded by the Company to gain on investments.

During the year ended December 31, 2024, the Company completed a final assessment of the purchase price allocation related to the Aleafia Transaction. The assessment was completed within the measurement period as prescribed under IFRS 3, Business Combinations, and reflects management's refined estimates of the fair values of the acquired assets based on additional information obtained subsequent to the acquisition date.

[1] 1 During the year ended December 31, 2024, the Company completed its reassessment of the purchase price allocation related to the Aleafia Transaction. This reassessment resulted in the following adjustments to the fair values of acquired assets:

- An increase of $267 in inventory
- A decrease of $444 in biological assets
- A decrease of $554 in investments

These purchase price allocation adjustments resulted in a corresponding adjustment to the bargain purchase gain initially recorded. The bargain purchase gain decreased from $7,645, to $6,914, representing a net reduction of $700. The reassessment was completed within the measurement period as prescribed under IFRS 3, Business Combinations, and reflects management's refined estimates of the fair values of the acquired assets based on additional information obtained subsequent to the acquisition date.

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

7. CASH AND EQUIVALENTS

Cash as at December 31, 2025, and 2024, includes the following:

	As at 31-Dec-25	As at 31-Dec-24
	$	$
Cash in bank	3,883	6,622
Cash on hand	114	116
Cash in transit	328	229
Restricted cash	242	318
Total cash	**4,567**	**7,285**

- **Cash on Hand:** Comprised of currency maintained at retail locations and petty cash funds utilized for immediate operational requirements.
- **Cash in Bank:** Represents balances held in deposit accounts at the Company's authorized financial institutions.
- **Cash in Transit:** Consists of retail location deposits in process of being transferred to the Company's financial institution. These deposits typically require twenty-four to forty-eight hours to be recognized and credited to the Company's accounts.
- **Restricted Cash:** Includes funds held in a 24-month guaranteed investment certificate ("GIC") maturing on August 29, 2027. This GIC bears an effective interest rate of 3.7% with monthly compounding.

The Company received cash advances throughout the year under the CAD and USD RGR Grid Notes (Note 21). Net proceeds from these advances are included in cash and cash equivalents as at December 31, 2025.

8. ACCOUNTS RECEIVABLE

The Company's trade accounts receivable are incurred as a result of sales through its Distribution and Licensing segments. The Company extends credit terms to customers at its sole discretion based on the customers' creditworthiness. The Company's typical credit terms, for customers who have met the Company's creditworthiness criteria, range between 15 and 60 days. The carrying value of trade and other receivables approximates fair value due to their short-term nature. The Company does not include sales tax recoverable within its ECL calculations as management deems this as fully collectible as of the date of these Financial Statements.

As at December 31, 2025, and 2024 accounts receivable consists of the following:

	As at 31-Dec-25	As at 31-Dec-24
	$	$
Trade receivables	9,945	22,466
Expected credit loss – trade receivables	(3,417)	(8,311)
Trade receivables, net	**6,528**	**14,155**
Other receivables	481	1,726
Expected credit loss - other receivables	-	(875)
Other receivables, net	481	851
Sales tax receivable	1,308	1,106
Ending Balance	**8,317**	**16,112**

The Company assessed the carrying amount of trade receivables at December 31, 2025, for expected credit loss ("ECL") and included an ECL of $3,417 (2024; $8,311). In the year ended December 31, 2025, the Company expensed $5,188 and $5,958, respectively, to ECL and bad debt expense on its consolidated statement of loss and other comprehensive loss (2024; $3,363 and $1,175, respectively).

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

The aging of the Company's trade receivables and the corresponding ECL as at December 31, 2025, and 2024 is as follows:

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

As at 31-Dec-24							
Aging classification (days)	**Current**	**1-30**	**31-60**	**61-90**	**91-120**	**121+**	**Total**
Trade Receivables	6,492	3,399	593	1,804	771	9,407	22,466
Expected Credit Losses	(33)	(141)	(96)	(215)	(239)	(7,587)	(8,311)
Trade receivables, net	6,459	3,258	497	1,589	532	1,820	14,155
Other receivables							1,726
Expected credit loss - other receivables							(875)
Sales tax receivable							1,106
Balance, December 31, 2024							**16,112**

During the year ended December 31, 2025, the Company had two significant customers representing 25% and 13% of total revenues earned by the Company (2024 — one significant customer representing 11%). These customers operate within Canada's regulated cannabis distribution framework as authorized wholesale distributors, and as such, payment obligations to the Company are supported by their regulated status and established credit standing. Management considers the credit risk associated with these counterparties to be minimal and historical loss experience with respect to these customers has been negligible.

9. NOTES RECEIVABLE

As at December 31, 2025, and 2024, the Company had the following outstanding notes receivable:

Note	Purpose:	Note currency:	Execution Date:	Maturity Date:	Interest Rate per annum:	Balance, 31-Dec-25	Balance, 31-Dec-24
Battlecreek Note	Sale of capital assets	USD	17-Sep-25	17-Sep-27	0.00%	268	-
Gratiot Note A	Sale of capital assets	USD	12-Dec-25	12-Dec-27	7.00%	413	-
Gratiot Note B	Sale of capital assets	USD	12-Dec-25	12-Dec-27	7.00%	828	-
KMI Note	Working capital	USD	19-Dec-24	On Demand	12.00%	1,253	743
Lighthouse Note	Working capital	USD	1-Dec-25	15-Mar-28	13.00%	954	-
OPRC Note	Debt restructure	CAD	17-May-24	31-May-27	8.00%	3,020	3,000
PD Note	Working capital	USD	15-May-24	15-May-27	20.00%	28,991	12,093
Stateline Note	Sale of capital assets	USD	7-Nov-25	31-Dec-30	5.00%	1,721	-
						37,448	**15,836**

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

During the year ended December 31, 2025, the Company entered into a series of arm's-length transactions for the sale of certain capital assets, including real property, under which a portion of the consideration was received in the form of notes receivable. These arrangements include the Battlecreek Note, the Gratiot Note A, the Gratiot Note B, and the Stateline Note (the "Property Notes"). The terms of the underlying sale transactions and the associated notes receivable, including principal amounts, interest rates, and maturity dates, are summarized in the table above. Each of the Property Notes were measured at amortize cost for expected credit losses in accordance with IFRS 9. Each Property Note is supported by collateral — including the underlying capital assets sold, real property, or other security pledged under the relevant agreement — the realizable value of which, based on management's assessment at the reporting date, equals or exceeds the gross carrying amount of the note. As a result, the loss given default approaches nil and the resulting expected credit loss is not material. No expected credit loss allowance has been recognized for the year ended December 31, 2025 (2024 – nil).

The PD Note is measured at FVTPL and is therefore outside the scope of the IFRS 9 expected credit loss model; credit risk on this instrument is reflected directly in its fair value at each reporting date. Management has also assessed the collateral securing the PD Note and concluded that its realizable value is sufficient to support the carrying amount of the note at the reporting date.

Continuity of the Company's notes receivable for December 31, 2025, and 2024, is as follows:

	Balance, 01-Jan-24	Additions	Accrued Interest	Interest Payments	Principal Payments	FX (Gain)/Loss	Balance, 31-Dec-25
	$	$	$	$	$	$	$
Battlecreek Note	-	314	-	(42)	-	(4)	268
Gratiot Note A	-	419	2	-	-	(8)	413
Gratiot Note B	-	839	5	-	-	(16)	828
KMI Note	743	766	114	(101)	(225)	(44)	1,253
Lighthouse Note	-	954	-	-	-	-	954
OPRC Note	3,000	-	240	(220)	-	-	3,020
PD Note	12,093	20,309	2,546	-	(5,145)	(811)	28,992
Stateline Note	-	1,747	7	-	-	(34)	1,720
Total notes receivable	**15,836**	**25,348**	**2,914**	**(363)**	**(5,370)**	**(917)**	**37,448**
Short-term notes receivable	11,397						31,659
Long-term notes receivable	4,439						5,789

	Balance, 01-Jan-23	Additions	Accrued Interest	Discount Amortization	Interest Payments	Principal Payments	Acquisition (Note 6)	FX (Gain)/Loss	Balance, 31-Dec-24
	$	$	$	$	$	$	$	$	$
AH Note (note 6)	16,778	-	117	-	-	-	(16,954)	-	-
AH DIP Note (note 6)	7,927	7,330	33	-	-	-	(15,290)	-	-
KMI Note	-	723	19	-	-	-	-	-	723
OPRC Note	-	3,000	149	-	(149)	-	-	-	3,000
PD Note	-	10,973	805	-	-	(149)	-	464	12,093
Total notes receivable	**24,705**	**22,027**	**1,123**	**60**	**(149)**	**(149)**	**(32,244)**	**464**	**15,836**
Short-term notes receivable	24,705								11,397
Long-term notes receivable	-								4,439

Lighthouse Note: On December 1, 2025, the Company entered into a Revolving Credit Line and Security Agreement with MC2P, LLC d/b/a Lighthouse Sciences ("Lighthouse"), an Ohio limited liability company. The facility consists of two tranches: Tranche A in the principal amount of US$625, bearing interest at 13% per annum, and Tranche B in the principal amount of US$72, bearing interest at 0% per annum. Both tranches mature on March 15, 2028. The note is secured by a first-priority security interest in substantially all of Lighthouse's personal property, including state licensure, subject to existing senior liens and to applicable cannabis regulatory restrictions under Ohio Marijuana Laws. Advances under the facility are revolving and made at the sole discretion of the Company.

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

KMI Note: On December 19, 2024, the Company entered into a first priority, secured note receivable agreement with Kase Manufacturing Inc. ("KMI"), a vendor providing contract manufacturing and distribution services to the Company in the state of California. The KMI Note bears an interest rate of 12% per annum, compounded monthly until repaid in full. Default interest shall be at 20% after default, compounded monthly. The KMI Note is secured by all present and future right, title, and interest of Borrower's assets.

OPRC Note: On May 17, 2024, the Company entered into a $3,000 secured note receivable agreement with One Plant Retail Corporation ("OPRC"), (the "OPRC Note"). OPRC is a legal entity in which the Company retains an 8.94% minority investment (Note 18). The OPRC Note matures on May 31, 2027, and bears an interest rate of 8% per annum. Interest payments of accrued interest are payable by OPRC on the first of each month. The OPRC note was settled in full subsequent to December 31, 2025 (refer to Note 35).

PD Note: On May 15, 2024, the Company extended a US$8,000 revolving line of credit note to a Michigan cultivation operation (the "Borrower") bearing interest at 20% per annum to facilitate an arm's length crop commitment that will reduce the cost of raw material (cannabis biomass) inputs used in the Company's finished goods sold in the state of Michigan. The note matures on May 15, 2027, and allows for borrowing, repayment, and reborrowing of principal up to the maximum principal limit, subject to the Company's approval. Annual repayments are required to reduce the outstanding balance, including interest, to USD $1,000 by May 15 of each year unless this condition is waived by the Company. The Company has secured a first-priority security interest on substantially all of the Borrower's operating assets excluding inventory on hand at the inception of the loan agreement and may accelerate repayment in the event of default. On January 1, 2025, the Company and the Borrower entered into a First Amendment to the note, which (i) increased the maximum principal amount available under the facility from US$8,000 to US$20,000, and (ii) amended the payment-in-kind ("PIK") provisions to establish an annual cap on Compliant Product deliveries (60% of annual production for 2025–2026 and 55% thereafter), with the Company irrevocably forgiving accrued and unpaid interest in an amount equal to the applicable PIK Value delivered within the cap upon each such delivery, and the full PIK Value applied against outstanding principal. Interest forgiven is netted against interest income earned on the note. All other terms of the original note remain in full force and effect.

The AH Note and AH DIP Note: The AH Note and AH DIP Note were issued in connection with the broader transaction that resulted in the Aleafia Acquisition (note 6). The AH Note bore interest at prime plus 9% per annum and matured on December 24, 2023, subsequently extended to January 12, 2024; the discount on the purchase price of $1,030 was recognized over its expected life using the effective interest method and included in other income. The AH DIP Note accrued interest at 12.5% per annum, compounded and calculated weekly and added to principal on the first day of each month, and carried a commitment fee of $198 representing 3% of the maximum $6,600 available to be advanced. On January 12, 2024, as a component of the consideration paid for the Aleafia Acquisition, the Company released all remaining amounts outstanding under the AH Note ($16,953) and the AH DIP Note ($15,920), for a total of $32,244, rendering both notes settled and paid in full.

10. PREPAID EXPENSES

As at December 31, 2025 and 2024, prepaid expenses are comprised of the following amounts:

	As at 31-Dec-25	As at 31-Dec-24
	$	$
Prepaid operating licenses	742	1,741
Prepaid taxes	31	4
Prepaid dues and subscriptions	20	129
Other prepaid fees	258	119
Total prepaid expenses	**1,051**	**1,993**

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

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

11. DEPOSITS

As at December 31, 2025, and 2024, the Company had the following deposits:

	As at 31-Dec-25	As at 31-Dec-24
	$	$
Vendor deposits	7,067	10,202
Security deposits	369	333
Other deposits	169	651
Total deposits	**7,605**	**11,186**

For supply chain security and to ensure consistent access to cannabis biomass meeting the Company's product specifications, the Company enters into crop commitments with independent licensed producers under which advance deposits are placed to reserve production capacity.

As at December 31, 2025, the Company holds vendor deposits — $1,184 and $2,878 respectively — under crop commitments for cannabis biomass meeting product parameters defined by the Company, including specified cannabinoid profile, terpene composition, and quality standards required for the Company's branded portfolio. Both commitments remain active, and the Company continues to work collaboratively with its vendors to realize on these commitments. Management has assessed the recoverability of these deposits at each reporting date and considers the amounts to be fully recoverable through future product deliveries.

In connection with the closing of the Aleafia Acquisition (Note 6), the Company also placed $748 on deposit with a Canadian government institution to be held in trust on the account of Emblem Cannabis Corporation, one of the licensed entities acquired in the transaction.

12. INVENTORY

The Company's inventory as at December 31, 2025, and 2024 consists of the following:

	As at 31-Dec-25	As at 31-Dec-24
	$	$
Raw materials	7,123	5,493
Work in process	32,926	39,408
Finished goods	5,131	5,376
Inventory provisions	(1,742)	(2,721)
Total inventory	**43,438**	**47,556**

During the period ended December 31, 2025, the total inventory included in cost of sales was $40,542 (2024; $53,136), which includes an allocation for salaries and wages amounting to $4,988 (2024; $5,701).

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

13. BIOLOGICAL ASSETS

The following significant inputs were used by management in measuring the fair value of biological assets at December 31, 2025:

Input	Description	Fair value hierarchy
Selling price	Expected selling price per gram equivalent, determined by reference to actual arm's-length wholesale sales, published wholesale indices, cannabis benchmarks, statistical reports), or observable retail list prices, depending on the subsidiary's principal market.	Level 2
Stage of growth	The weighted-average number of weeks through the growing cycle at the measurement date, used to pro-rate expected harvest-date fair value against plants still growing.	Level 3
Yield per plant	Expected dried grams of finished cannabis per harvested plant, derived from historical harvest data for each cultivar and cultivation environment.	Level 3
Bud-to-trim yield mix	The estimated percentage of harvested biomass that will be classified as Bud versus Trim at separation. Estimates are based on cultivar-level historical separation ratios.	Level 3
Wastage / harvest loss	The percentage of biological assets expected to fail to reach harvest, or to be lost during drying and curing. Loss rates are determined based on historical experience at each cultivation facility and are subject to significant facility-specific variation.	Level 3
Post-harvest and additional processing costs	Expected costs per dry gram equivalent to complete processing of harvested biomass into its finished saleable form, including labour, contract labour and processing overhead.	Level 3
Costs to sell	Expected direct selling costs per gram, including regulatory, quality assurance and excise-related costs incurred at the point of sale.	Level 3

The Company's biological assets consist of 9,521 plants growing as at December 31, 2025 (2024; 4,837).

The continuity of biological assets is as follows:

	As at 31-Dec-25	As at 31-Dec-24
	$	**$**
Carrying amount, beginning of year	1,728	829
Acquired (note 6)	-	1,136
Capitalized cost	8,263	11,940
Unrealized changes in fair value of biological assets	128	856
Transferred to inventory	(9,019)	(13,092)
Effects of foreign exchange	65	59
Carrying value, end of year	**1,165**	**1,728**

The following table summarizes the significant inputs in the fair value model for each cultivating subsidiary at December 31, 2025:

Significant input	AFI (CAD)	ECC (CAD)	RWBM (USD)	RFL (USD)
Weighted average selling price — per gram	$0.21	$2.00	$1.29	$4.42
Bud as a % of total harvested yield	26%	68%	51%	74%
Trim as a % of total harvested yield	71%	28%	20%	n/a
Expected wastage / loss rate	3%	4%	29%	2%
Weighted average post-harvest — per gram	0.04	$0.72	$0.15	$3.21
Cost to sell per gram — per gram	0.04	$0.72	$0.15	$3.21

Management has identified the following areas as the principal sources of estimation uncertainty in the measurement of biological assets. A change in any of these inputs, individually or in combination, could have a material effect on the carrying amount of biological assets and the unrealized fair value adjustment recorded through profit or loss within the next financial year:

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

- **Determination of the principal market.** The conclusion that each operating subsidiary's principal market should be assessed separately — subsidiaries with access to a wholesale principal market rather than the retail end-consumer market serviced by the vertically integrated group — is a significant judgment. If management had instead concluded that the principal market for all biological assets was the downstream retail or processed-product market, measured fair values and unrealized fair value adjustments would differ materially.

- **Wastage / loss rates.** Expected loss rates vary materially across the Company's cultivation facilities, from approximately 3%–4% at the Company's Canadian operations to approximately 29% at the Company's Michigan operations. The Michigan loss rate reflects historical cultivation performance at that facility, including challenges associated with strain selection, environmental controls and harvest timing. An improvement or deterioration in the Michigan's loss rate has a disproportionately large effect on Michigan's fair value measurement relative to the Company's Canadian operations.

- **Yield per plant and bud-to-trim separation ratios.** Expected yields and the proportion of each harvest that will classify as Bud versus Trim are estimated based on historical harvest data for each cultivar and facility. Actual yields and separation ratios are affected by cultivation conditions, strain genetics, harvest timing, and post-harvest handling, and may differ materially from management's estimates for plants still growing at the measurement date.

- **Stage of growth.** Fair value is accreted on a straight-line basis according to the stage of growth of each plant. The assumption that biological transformation (and therefore value creation) occurs evenly over the growth cycle is a modelling convention; actual biological transformation is not linear, particularly during the flowering phase.

- **Post-harvest processing and costs to sell.** Estimated costs to complete processing and to sell harvested cannabis are derived from historical per-gram cost rates at each facility. These cost rates are sensitive to changes in labour costs, throughput, facility utilization and yield recovery assumptions. Changes in these inputs directly affect fair value less costs to sell.

- **Regulatory and licensing environment.** The Company operates under Health Canada, Canada Revenue Agency (Cannabis Duty), Michigan Cannabis Regulatory Agency and Florida Office of Medical Marijuana Use regulatory regimes. Changes in licensing conditions, excise duty treatment, permitted sales channels or market access could materially alter the principal market determination, the highest and best use analysis, and observable market prices used in the fair value measurement.

Sensitivity Analysis

The following table quantifies the impact on the fair value of biological assets at December 31, 2025 of a 10% increase or decrease in each significant input, holding all other inputs constant.

The sensitivity analysis has been prepared on a consolidated basis, with individual subsidiary impacts disclosed where a sensitivity is specific to one operating subsidiary:

Input	+10% change – December 31, 2025	-10% change – December 31, 2025
Selling price – wholesale (AFI, ECC, RWBM)	$112	($112)
Selling price – retail (RFL)	$305	($305)
Yield per plant	$59	($59)
Post-harvest / additional processing costs	($228)	$118

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

14. ASSETS & LIABILITIES HELD FOR SALE

The assets and liabilities of the Company's discontinued operations (the "Discontinued Operations") are presented as held for sale on the consolidated statement of financial position in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Pharmaco Inc. ("Pharmaco"), a wholly owned subsidiary acquired February 7, 2022, operated licensed medical and adult-use cannabis retail outlets with limited cultivation in Michigan. On December 26, 2024, following events of default under a senior secured loan agreement, the Circuit Court of Oakland County, Michigan granted a Receivership Order authorizing the Receiver to manage and dispose of Pharmaco's assets, with the senior secured lender retaining its first-priority lien and entitlement to disposition proceeds. Pharmaco met the IFRS 5 criteria of a disposal group held for sale and discontinued operation; its results for the years ended December 31, 2025 and 2024 have been reclassified from continuing operations and presented as discontinued operations.

The carrying amounts of the assets and liabilities of all Discontinued Operations as at December 31, 2025, and 2024 are as follows:

	As at 31-Dec-25	As at 31-Dec-24
	$	**$**
Current assets		
Accounts receivable	-	4
Deposits	138	42
Lease receivables	-	1,617
Non-current assets		
Property, plant and equipment, net	6,064	11,529
Assets classified as held for sale	**6,202**	**13,192**
Current liabilities		
Accounts payable and accrued liabilities	3,070	8,358
Credit facility	-	21,851
Promissory notes	784	798
Tax payables	7,684	15,192
Liabilities classified as held for sale	**11,538**	**46,199**

During the year ended December 31, 2024, the Company recognized an impairment loss of $141 on a property, plant and equipment related to Discontinued Operations. These impairments stem from a reassessment of the recoverable value of the acquired operations' property, plant and equipment as the Company continued to evaluate restructuring alternatives for the operations. The balance of the carrying value of property, plant and equipment, represents management's best estimate of the aforementioned assets' value in use as of December 31, 2025, and 2024.

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

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of December 31, 2025, and 2024 consists of the following:

	Land	Land Improvements	Building	Building Improvements	Leasehold Improvements	Vehicles	Furniture & Fixtures	Machinery & Equipment	Computer Hardware	Construction In Progress	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost											
Balance, January 1, 2024	651	1,197	7,482	-	6,453	16	477	11,706	-	2,056	30,038
Additions	-	-	1,829	175	78	180	101	675	4	2,456	5,498
Additions through business combinations (note 6)	6,491	-	9,947	4,161	-	-	87	605	95	-	21,386
Disposals	-	-	-	-	(110)	(2)	(67)	(634)	-	(1,212)	(2,025)
Foreign currency movement	57	105	(1,170)	(157)	1,914	10	42	(59)	(4)	88	826
Balance, December 31, 2024	**7,199**	**1,302**	**18,088**	**4,179**	**8,335**	**204**	**640**	**12,293**	**95**	**3,388**	**55,723**
Additions cost	-	-	-	3	292	-	20	483	11	2,222	3,031
Disposals	-	-	-	-	-	-	-	(159)	-	-	(159)
Foreign currency movement	(34)	(62)	(386)	52	802	(10)	(163)	(430)	-	(1,404)	(1,635)
Balance, December 31, 2025	**7,166**	**1,240**	**17,700**	**4,235**	**9,429**	**194**	**496**	**12,186**	**107**	**4,206**	**56,959**
Accumulated depreciation											
Balance, January 1, 2024	-	21	631	-	2,402	9	197	3,745	-	-	7,005
Depreciation this period	-	14	724	434	1,304	17	96	1,953	34	-	4,576
Disposals	-	-	(528)	(116)	(13)	(1)	-	(273)	(3)	-	(934)
Foreign currency movement	-	3	569	100	965	2	21	(230)	2	-	1,432
Balance, December 31, 2024	**-**	**38**	**1,396**	**418**	**4,658**	**27**	**314**	**5,195**	**33**	**-**	**12,079**
Depreciation for the period											
Depreciation this period	-	14	692	404	1,346	40	77	1,983	32	-	4,588
Foreign currency movement	-	(2)	(51)	6	(247)	(2)	(28)	(276)	-	-	(600)
Balance, December 31, 2025	**-**	**50**	**2,038**	**828**	**5,757**	**64**	**363**	**6,902**	**65**	**-**	**16,067**
Net book value											
Balance, December 31, 2024	7,199	1,264	16,691	3,761	3,677	177	326	7,098	63	3,388	43,644
Balance, December 31, 2025	7,166	1,191	15,663	3,407	3,672	130	133	5,284	42	4,206	40,894

The Company capitalized $3,683 in depreciation expense to inventory within the year ended December 31, 2025 (2024; $3,408).

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

16. INTANGIBLE ASSETS

A continuity of the intangible assets for December 31, 2025, and 2024, is as follows:

	Brand	Licenses	Total
	$	**$**	**$**
Balance, January 1, 2024	34,123	52,600	86,723
Additions	1,679	-	1,679
Acquired (note 6)	447	4,234	4,681
Foreign exchange movement	3,001	4,625	7,626
Balance, December 31, 2024	**39,250**	**61,459**	**100,709**
Impairment	(14,706)	(27,158)	(41,864)
Foreign exchange movement	(1,660)	(2,527)	(4,187)
Balance, December 31, 2025	**22,884**	**31,773**	**54,657**

As part of the Aleafia Acquisition (Note 6), the Company acquired all of the operating licenses issued by regulatory authorities in Canada to the acquired group of companies.

Intangible asset impairments

At the end of each reporting period, the Company assesses whether there is any indication that an intangible asset, a cash-generating unit ("CGU"), or a group of CGUs may be impaired. In making this assessment, the Company considers external factors, including market conditions, regulatory and legislative developments, competitive dynamics, and observable changes in industry valuation benchmarks, together with internal factors, including operating performance, strategic direction, and the continued use and expected future cash flows of the asset. Indefinite-life intangible assets are tested for impairment annually, and at any other time during the period when an indicator of impairment is identified.

Impairment of Intangible Assets — Platinum Vape Brand

During the year ended December 31, 2025, the Company identified indicators of impairment in respect of the Platinum Vape ("PV") brand intangible asset and performed an impairment test in accordance with IAS 36 Impairment of Assets.

The recoverable amount of the PV brand was determined on the basis of value in use ("VIU"), being the higher of VIU and fair value less costs of disposal, estimated using the relief-from-royalty method. The recoverable amount was determined to be US$15,145 (CAD$20,758), compared to a carrying amount of US$25,800 (CAD$35,361), resulting in an impairment loss of US$10,655 (CAD$14,706). The impairment loss has been recognized in the consolidated statement of loss and comprehensive loss within "Impairment of intangible assets," and the carrying amount of the PV brand has been reduced to US$15,145 (CAD$20,758) as at December 31, 2025.

The recoverable amount represents a Level 3 fair value measurement within the IFRS 13 fair value hierarchy. The key assumptions applied were a royalty rate of 9.0%, a pre-tax discount rate of 21.0%, a terminal growth rate of 2.0%, and revenue projections covering a five-year discrete forecast period derived from Management's projections for the Company's operating jurisdictions.

The Corporation will continue to monitor for indicators of impairment at each reporting date.

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

Recoverable Amount and Valuation Methodology:

The recoverable amount of the PV brand intangible asset was determined on the basis of value in use, being the higher of value in use and fair value less costs of disposal as required under IAS 36. The recoverable amount was estimated using the relief-from-royalty methodology, under which the value of the brand is derived from the present value of the pre-tax royalty payments that the Company is relieved from paying as a result of owning the brand outright. Cash flows attributable to the PV brand were projected across the Company's principal operating jurisdictions over a five-year explicit forecast period from 2026 to 2030, with cash flows beyond the explicit forecast period extrapolated using a long-term growth rate.

Impairment of Intangible Assets — Florida CGU

Goodwill and intangible assets (licenses) allocated to the Corporation's Florida cash generating unit ("Florida CGU") were assessed for impairment in accordance with IAS 36 Impairment of Assets. The Corporation is required to test goodwill and indefinite-life intangible assets for impairment at least annually, and whenever events or changes in circumstances indicate that the carrying amount of a CGU may exceed its recoverable amount.

The recoverable amount of the Florida CGU was determined on the basis of fair value less costs of disposal ("FVLCD"), estimated by reference to an observable market transaction involving the Florida operations entered into subsequent to the reporting date (see Note 35). The fair value measurement is classified as Level 3 within the IFRS 13 fair value hierarchy.

The recoverable amount of the Florida CGU was determined to be US$53,428 (CAD$73,229), compared to a carrying amount of US$82,683 (CAD$113,326), resulting in an impairment loss of US$29,255 (CAD$40,374). In accordance with IAS 36.104, the loss was first allocated to goodwill (US$9,578 / CAD$13,220), with the remainder (US$19,677 / CAD$27,158) allocated on a pro-rata basis to the Florida cannabis licenses. The impairment loss is recognized in the consolidated statement of loss and comprehensive loss within Impairment of goodwill (Note 19) and Impairment of intangible assets.

The impairment loss has been recognized in the consolidated statement of loss and comprehensive loss within "Impairment of goodwill" and "Impairment of intangible assets."

17. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

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

	As at 31-Dec-25	As at 31-Dec-24
	$	$
Opening balance	17,976	17,191
Acquisition (note 6)	-	121
Acquired accumulated depreciation (note 6)	-	(85)
Additions	2,373	3,675
Depreciation	(1,740)	(1,576)
Disposals – cost	(720)	(3,447)
Disposals - accumulated depreciation	-	936
Gain on Disposals	-	390
Effects of foreign exchange	(140)	771
Balance, December 31, 2025	**17,749**	**17,976**

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

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

	As at 31-Dec-25	As at 31-Dec-24
	$	$
Opening balance	22,728	20,503
Additions/(Disposals)	2,373	415
Adjustments	(58)	-
Interest accretion	2,764	2,577
Interest payments	(2,764)	(2,824)
Principal payments	(411)	(149)
Ending balance	**24,632**	**20,522**
Effects of foreign exchange	(1,124)	2,207
Less: Short-term lease obligations	(955)	(701)
Long-term lease obligation	**22,553**	**22,028**

Future minimum lease payments (principal and interest) are as follows:

	As at 31-Dec-25
	$
2026	3,450
2027	3,486
2028	3,525
2029	3,745
2030	4,005
Thereafter	27,906
Total minimum lease payments	**46,117**
Present value of minimum lease payments	15,452
Effect of discounting	7,157
Current portion lease obligations	955
Long-term lease obligations	**22,553**

18. MINORITY INTEREST IN INVESTMENT

Investment in One Plant (Retail) Corp.

In connection with the Aleafia Acquisition (Note 6), the Company acquired an 8.94% equity interest in One Plant (Retail) Corp. ("OPRC"), a privately held Canadian corporation that operates, or holds operating interests in, a network of licensed cannabis retail locations across Canada under the One Plant trade banner. OPRC's retail network features a curated assortment of both proprietary and third-party premium cannabis products offered through a customer-focused in-store and digital retail experience.

Classification and Measurement: The Company has determined that it does not exercise significant influence over the financial or operating policies of OPRC, as defined in IAS 28 — *Investments in Associates and Joint Ventures*. Accordingly, the investment does not meet the criteria for equity-method accounting and has been classified as a financial asset measured at fair value through profit or loss ("FVTPL") in accordance with IFRS 9 — *Financial Instruments*. Changes in the fair value of the investment are recognized in profit or loss in the period in which they arise.

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

Fair Value Determination: The fair value of the Company's investment in OPRC is determined using a Level 3 valuation approach under the IFRS 13 fair value hierarchy, reflecting the absence of an observable market price for the equity interest. The valuation incorporates unobservable inputs including OPRC's most recent financial performance, comparable transaction multiples within the Canadian cannabis retail sector, and management's assessment of operational and market conditions affecting the underlying business. The Company reassesses the fair value of the investment at each reporting date.

The continuity of the Company's investment in OPRC for the years ended December 31, 2025 and December 31, 2024 is set out below:

	$
Balance, January 1, 2024	**-**
Equity investment as a result of business combinations (note 6)	1,837
Gain on fair value adjustment	642
Balance, December 31, 2024	**2,479**
Gain on fair value adjustment	878
Balance, December 31, 2025	**3,357**

The Company maintained its 8.94% ownership interest in OPRC throughout the year ended December 31, 2025. The fair value gain of $878 recognized during the year (2024; $642) is included within other income in the consolidated statement of profit or loss and other comprehensive income.

19. GOODWILL

Goodwill as of December 31, 2025, and 2024 was comprised of the following:

	$
Balance, January 1, 2024	**12,668**
Foreign exchange movement	1,114
Balance, December 31, 2024	**13,782**
Foreign exchange movement	(562)
Impairment	(13,220)
Balance, December 31, 2025	-

Balances in goodwill as at December 31, 2025, and 2024 is associated with the Company’s Retail segment.

Goodwill impairment

In assessing a CGU, including goodwill, for impairment, the Company compares the carrying value of the CGU to the recoverable amount, where the recoverable amount is the greater of fair value, less cost to sell and the value in use ("VIU"). Refer to Note 5 for the Company’s methodology for determining CGUs. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount.

Impairment of Goodwill — Florida CGU

Goodwill and intangible assets (licenses) allocated to the Corporation's Florida cash generating unit ("Florida CGU") were assessed for impairment in accordance with IAS 36 *Impairment of Assets*. As a result of this assessment, Goodwill allocated to the Company’s Florida CGU was impaired as at December 31, 2025 (2024; $nil). The impairment loss has been recognized in the consolidated statement of loss and comprehensive loss within "Impairment of goodwill.” For details relating to the analysis and subsequent impairment, refer to Note 16.

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

20. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company had the following accounts payable and accrued liabilities at December 31, 2025, and 2024:

		As at 31-Dec-25	As at 31-Dec-24
		$	$
Trade payables		7,257	14,761
Accrued liabilities and other		4,598	5,857
Sales and excise tax payable		3,532	3,335
Customer deposits		812	121
	Total	**16,199**	**24,074**

During the year ended December 31, 2025, the Company had two significant vendors representing 18% and 12% of its trade payables (2024: 20% and 10%).

21. DEBT

A reconciliation of Finance Expenses as reported on the statement of financial position for the year ended December 31, 2025, and 2024 is as follows:

	12 months ended 31 Dec-25	12 months ended 31-Dec-24
	$	$
Interest on notes payable	36,691	25,266
Interest on convertible debt	5,855	7,651
Interest on credit facilities	-	1,082
Other finance fees	32	3,125
Accreted interest on notes payable	-	248
Accreted interest on convertible debt	-	2,639
(Gain) loss on valuation of financial instruments	-	(691)
(Gain) on Loan forgiveness	(5,804)	-
(Gain) loss on debt extinguishment	-	167
Total finance expense	**36,774**	**39,487**

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

A. NOTES PAYABLE

As at December 31, 2025, and 2024 the Company had the following outstanding notes payable:

Note	Purpose:	Note/Amended Value:	Note currency:	Execution Date:	Maturity Date:	Interest Rate per annum:	Balance, 2025-Dec-31	Balance, 2024-Dec-31
[i,ii]BJSD Note	Debt restructure	3,065	CAD	01-Feb-25	12-Sep-27	12.00%	3,420	3,214
[i,ii]CPIL Note	Debt restructure	20,644	CAD	01-Feb-25	12-Sep-27	12.00%	23,032	-
[i,ii]DCIL Note	Debt restructure	7,120	USD	01-Feb-25	12-Sep-27	12.00%	10,887	-
ELL Note	Mortgage	5,750	CAD	05-Jun-24	01-Jul-29	6.72%	5,647	5,743
MV Ops Note	Operations	1,130	USD	04-Jun-24	04-Dec-25	12.00%	1,757	1,637
Oakshire Note	Debt settlement	3,000	USD	19-Jul-24	On Demand	0.00%	1,413	1,665
[i,ii]RGR CAD Grid Note	Debt restructure	59,022	CAD	01-Feb-25	12-Sep-27	12.00%	71,096	56,946
[i,ii]RGR Note A	Debt restructure	33,418	USD	01-Feb-25	12-Sep-27	12.00%	51,100	52,038
[ii]RGR Note C	Debt restructure	21,742	USD	29-Nov-24	30-Nov-26	12.00%	36,060	33,541
[i,ii]RGR USD Grid Note	Operations & acquisitions	53,779	USD	01-Feb-25	12-Sep-27	12.00%	114,502	75,902
[i,ii]SDIL Note A	Debt restructure	6,901	USD	01-Feb-25	12-Sep-27	12.00%	10,093	10,091
[i,ii] SDIL Note B	Debt restructure	7,120	USD	01-Feb-25	12-Sep-27	12.00%	10,887	-
[i]SIL Note	Debt restructure	347	USD	01-Feb-25	12-Sep-27	12.00%	531	521
[i]TAII Note	Debt restructure	3,387	USD	01-Feb-25	12-Sep-27	12.00%	5,179	5,278
							345,605	**246,576**

Notes payable transactions during the year ended December 31, 2025:

The Company successfully concluded negotiations with various lenders, including related party lenders, to renew multiple previously issued notes payable that had matured during the fiscal year ended December 31, 2024 (the "Matured Debt"). Originally scheduled to mature on September 12, 2024, the Matured Debt was formally amended on February 1, 2025, with the amendments effective as of September 15, 2024. The renewed debt includes revised terms that align with the Company's growth strategy, allowing management to maintain adequate cash flow while continuing to pursue strategic expansion initiatives in active markets in Canada and the United States.

The Matured Debt was amended to extend the maturity date to September 12, 2027, adjust the annual interest rate to 12%, defer principal and interest payments to the respective maturity dates, and remove convertible features where applicable. As part of the amendment, certain related party lenders forgave an aggregate of $5,803 in accrued interest.

For more details on the continuity of each note payable, refer to the note payable continuity schedule below.

Notes payable transactions during the year ended December 31, 2024:

a) **RGR Grid Note Amendments:** On January 1, 2024, the Company and Royal Group Resources, Ltd. ("RGR") executed agreements to amend the CAD RGR Grid Note and the USD RGR Grid Note (the "RGR Grid Notes"). Under the terms of the amendments, effective January 1, 2024, the RGR Grid Notes will bear interest at an aggregate rate of 12% per annum, compounding monthly, and calculated on a monthly basis in arrears at the end of each month, and shall be paid, together with principal, on the maturity

[i] Matured Debt
[ii] Related party lender

date; September 12, 2024. All other terms and conditions remain unchanged. The amendments were subject to review under IFRS 9 and as a result, both the CAD RGR Grid Note and the USD RGR Grid Note were extinguished resulting in $100 loss on extinguishment related to the RGR Grid Notes amendment.

b) **FL Ops Note:** On June 4, 2024, the Company's subsidiaries, Red White & Bloom Florida Inc. and RWB Florida LLC (as joint borrowers), entered into an operating loan agreement with Red White and Bloom Brands Inc. and a consortium of arm's-length lenders, for an aggregate principal amount of up to USD $6,000 (the "FL Ops Note"). The FL Ops Note carries a 12% annual interest rate (increasing to 15% in the event of default), compounds monthly, and matures on December 4, 2025. The arm's-length lenders advanced $1,626 (USD $1,130) of the total principal while Red White and Bloom Brands, Inc. advanced $6,708 (USD $4,662). For the purpose of these Financial Statements, amounts advanced by Red White and Bloom Brands, Inc. have been eliminated on consolidation. The FL Ops Note was issued to fund ongoing operating costs and fixturing of the Florida retail stores to be activated through fiscal 2025.

c) **ELL Note:** On June 4, 2024, the Company completed a mortgage financing with a third-party Canadian lender in the amount of $5,750 (the "ELL Note") secured by a property owned by the Company. Proceeds from the financing will be used for working capital and general corporate purposes. The ELL Note matures on July 1, 2029, and has a sixty (60) month term, amortizing over three hundred (300) months at an annual interest rate of 6.72% per annum. Computershare acts as agent, nominee and custodian in administering the note. The ELL Note is supported by a guarantee provided by an existing related party lender.

d) **Oakshire Note:** On July 19, 2024, under the terms of the Oakshire Settlement (see Debt Settlement below), the Company entered into a promissory note for $3,357 (the "Oakshire Note") to settle financial obligations and claims, including the extinguishment of $1,123 due to Oakshire. The Oakshire Note is non-interest bearing and is required to be settled, in full, by February 28, 2025 unless this condition is otherwise waived by the applicable lender. Payments are structured in installments, with specific deadlines outlined in the Oakshire Settlement Agreement. If payments are not made as scheduled, an 18% default interest rate will apply (at the discretion of the lender, and the total outstanding balance will become immediately due unless this condition is otherwise waived by the applicable lender. The Oakshire Note is secured by specific operating assets held by the Company.

e) **RGR Note C:** On November 29, 2024, the Company and RGR executed an agreement, effective June 4, 2024, to amend the USD$18,300,000 RGR Note resulting in RGR Note C. Prior to the amendment, the Company incurred USD$1,339 in penalties and interest in accordance with the default terms of the USD$18,300,000 RGR Note. Under the terms of the amendment, RGR Note C will bear interest of 12% per annum, compounded monthly, with interest and principal payable on the maturity date, defined as November 30, 2026. The amendment was subject to review under IFRS 9 and as a result, the USD$18,300,000 RGR Note was extinguished resulting in $67 loss on extinguishment. Details of the transaction are included in the notes payable continuity schedule above.

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

The continuity of the outstanding notes payable held by the Company for the period ended December 31, 2025, is as follows.

	Balance, 01-Jan-25	Additions	Amendments	Accrued interest	Interest Payments	Principal Payments	(Gain)/Loss Amendments	FX (Gain)/Loss	Balance, 31-Dec-25	Short -term	Long -term
	$	$	$	$	$	$	$	$	$	$	$
[i,ii]BJSD Note	3,213	-	-	387	-	-	(180)	-	3,420	-	3,420
[i,ii]CPIL Note	-	-	20,644	2,388	-	-	-	-	23,032	-	23,032
[i,ii]DCIL Note	-	-	10,312	1,148	-	-	-	(573)	10,887	-	10,887
ELL Note	5,744	-	-	375	(234)	(237)	-	-	5,648	135	5,513
MV Ops Note	1,638	-	-	202	-	-	-	(83)	1,757	1,757	-
Oakshire Note	1,665	60	-	183	-	(435)	-	(60)	1,413	1,413	-
[i,ii]RGR CAD Grid Note	56,946	6,500	-	7,650	-	-	-	-	71,096	-	71,096
[i,ii]RGR Note A	52,038	-	-	5,907	-	-	(4,503)	(2,342)	51,100	-	51,100
[ii]RGR Note C	33,541	-	-	4,191	-	-	-	(1,672)	36,060	36,060	-
[i,ii]RGR USD Grid Note	75,902	33,365	-	11,288	-	(1,883)	-	(4,170)	114,502	-	114,502
[i,ii]SDIL Note A	10,091	-	-	1,165	-	-	(699)	(464)	10,093	-	10,093
[i,ii] SDIL Note B	-	-	10,312	1,148	-	-	-	(573)	10,887	-	10,887
[i]SIL Note	521	-	-	61	-	-	(27)	(24)	531	-	531
[i]TAII Note	5,277	-	-	598	(65)	-	(395)	(236)	5,179	-	5,179
Total Notes Payable	**246,576**	**39,925**	**41,268**	**36,691**	**(299)**	**(2,555)**	**(5,804)**	**(10,197)**	**345,605**	**39,365**	**306,240**

The continuity of the outstanding notes payable held by the Company for the period ended December 31, 2024, is as follows.

	Balance 01-Jan-24	Additions	Interest Accretion	Interest	Interest Payments	Principal Payments	Debt Modification	Transaction costs	Extinguish -ment	Extinguishment Gain/(loss)	FX (gain)/loss	Balance 31-Dec-24	Short -term	Long -term
	$	$	$	$	$	$	$	$	$	$	$	$		
[i,ii,iii] BJMDSD Note	3,029	-	12	461	(138)	(150)	-	-	-	-	-	3,214	3,214	-
ELL Note	-	5,750	-	218	(187)	(38)	-	-	-	-	-	5,743	127	5,616
MV Ops Note	-	1,626	-	11	-	-	-	-	-	-	-	1,637	1,637	-
Oakshire Note	-	4,608	-	-	-	(3,005)	-	-	-	-	62	1,665	1,665	-
[i,ii,iv] RGR CAD Grid Note	31,098	-	-	100	-	-	-	50	(31,198)	(50)	-	-	-	-
[i,ii,iv] RGR CAD Grid Note	-	23,062	-	5,701	(15)	(3,000)	31,198	-	-	-	-	56,946	56,946	-
RGR Note C	-	-	-	2,198	-	-	30,460	-	-	-	883	33,541	-	33,541
[i,ii,,iv] RGR USD Grid Note	30,293	-	-	97	-	-	-	50	(30,390)	(50)	-	-	-	-
[i,ii ,iv] RGR USD Grid Note	-	34,648	-	6,092	-	-	30,390	-	-	-	4,772	75,902	75,902	-
[i,ii]SDIL Note	9,366	-	73	1,323	(460)	(1,032)	-	-	-	-	821	10,091	10,091	-
[i] SIL Note	412	-	4	65	-	-	-	-	-	-	40	521	521	-
[i] TAII Note	4,303	-	35	663	(128)	-	-	-	-	-	405	5,278	5,278	-
[ii,v]USD$18,300,000 RGR Note	25,138	-	-	1,847	-	(27)	-	1,842	(30,460)	(67)	1,727	-	-	-
[i,ii,vi] USD$25,885,000 RGR Note	41,454	-	124	6,490	-	-	-	-	-	-	3,970	52,038	52,038	-
Balance, end of period	**145,093**	**69,694**	**248**	**25,266**	**(928)**	**(7,252)**	**92,048**	**1,942**	**(92,048)**	**(167)**	**12,680**	**246,576**	**207,419**	**39,157**

[i] Matured Debt
[ii] Related party lender
[iii] Amended February 1, 2025 into BJSD Note
[iv] Amended January 1, 2024
[v] Amended November 29, 2024 into RGR Note C
[vi] Amended February 1, 2025 into RGR Note A

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

B. CONVERTIBLE DEBENTURES

Below are the terms of each of the convertible notes held by the Company, and assumptions used to value each of the respective embedded convertible features in the Company's outstanding convertible debentures as at December 31, 2025, and 2024.

	AB Convertible Note	FCC Convertible Note	IBGL Convertible Note	[i]VMOS Convertible Note	MV Convertible Note	[i,ii] DCIL Convertible Note	[i,ii] SDIL Convertible Note	[i,ii] CPIL Convertible Note
Purpose of issuance	Florida Acquisition	Florida Acquisition	Florida Acquisition	Florida Acquisition	Florida Acquisition	Debt restructure	Debt restructure	Debt restructure
Details and terms								
Original note value	USD$781,250	USD$1,562,500	USD$1,562,500	USD$1,093,750	USD$20,112,015	USD$5,400,000	USD$5,400,000	CAD$17,000,000
Original date of issue	2021-04-22	2021-04-22	2021-04-22	2021-04-22	2021-06-04	2021-10-04	2021-10-04	2022-09-15
Amendment date	n/a	n/a	2024-12-31 effective 2024-06-04	2024-12-31 effective 2024-06-04	2024-11-29 effective 2024-06-04	2021-11-25 2022-09-15	2021-11-25 2022-09-15	-
Maturity date	2024-04-22	2024-04-22	2024-04-22 amended 2026-11-30	2024-04-22 amended 2026-11-30	2024-06-04 amended 2026-11-30	2024-09-12	2024-09-12	2024-09-12
Interest rate/annum	8% post maturity 12%	8% post maturity 12%	8% amended 12%	8% amended 12%	8% amended 12%	8%	8%	8%
Additional interest/annum	-	-	-	-	4% in shares amended 0%	-	-	-
Default rate/annum	5%	5%	5%	5%	8% amended 15%	10%	10%	8%
Conversion price/share	N/A	N/A	USD$2.75	USD$2.75	USD$2.75	USD$0.15	USD$0.15	CAD$0.20
Interest due	On Demand	On Demand	On maturity	On maturity	On maturity	On maturity	On maturity	On maturity
Security	Unsecured	Unsecured	Unsecured	Unsecured	Secured	Secured	Secured	Secured
Collateral	None	None	None	None	RWB Florida LLC Class A Membership	Shares of RWB Platinum Vape, LLC	Shares of RWB Platinum Vape, LLC	1st priority security interest RWB Michigan, LLC
Valuation method used for embedded derivatives	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Residual Method

As at December 31, 2025, and 2024, the Company's assessment determined that no derivative liability was associated with the existing convertible debentures.

[i] Related party
[ii] Amended into promissory note on February 1, 2025

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

A continuity of convertible debentures held by the Company for the period ended December 31, 2025, and 2024, is as follows:

	AB Convertible Note	FCC Convertible Note	IBGL Convertible Note	[i] VMOS Convertible Note	MV Convertible Note	[i,ii] DCIL Convertible Note	[i,ii] SDIL Convertible Note	[i,ii] CPIL Convertible Note	Total
	$	$	$	$	$	$	$	$	$
Carrying Value, January 1, 2024	**1,242**	**2,485**	**2,485**	**1,739**	**30,987**	**8,378**	**8,378**	**18,030**	**73,724**
Interest accrued	26	52	52	37	1,078	829	829	1,673	4,576
Interest Accretion	14	28	28	20	1,506	153	153	737	2,639
Extinguishment	-	-	(2,658)	(1,860)	(34,684)	-	-	-	(39,202)
Amendment	-	-	2,658	1,860	34,684	-	-	-	39,202
Interest accrued post-amendment	92	184	184	129	2,486	-	-	-	3,075
Effects of foreign exchange	113	225	225	157	2,958	783	783	-	5,244
Carrying Value, December 31, 2024	**1,487**	**2,974**	**2,974**	**2,082**	**39,015**	**10,143**	**10,143**	**20,440**	**89,258**
Interest accrued	131	262	262	183	4,608	102	102	204	5,854
Amendment	-	-	-	-	-	(10,311)	(10,311)	(20,644)	(41,266)
Effects of foreign exchange	(73)	(146)	(146)	(102)	(1,939)	66	66	-	(2,274)
Carrying Value, December 31, 2025	**1,545**	**3,090**	**3,090**	**2,163**	**41,684**	**-**	**-**	**-**	**51,572**
Short-term									**51,572**
Long-term									**-**

Convertible note transactions during the year ended December 31, 2025:

The Company successfully concluded negotiations with three related party lenders to renew previously issued convertible notes payable that had matured during the fiscal year ended December 31, 2024 (the "Matured Convertible Debt"). Originally scheduled to mature on September 12, 2024, the Matured Convertible Debt was formally amended on February 1, 2025 into promissory notes, with the amendments effective as of September 15, 2024. See Notes Payable in the above sections for details on the continuity of the Matured Convertible Debt as promissory notes.

The Matured Convertible Debt was amended to a promissory note, extending the maturity date to September 12, 2027, adjusted the annual interest rate to 12%, defer principal and interest payments to the respective maturity dates, and remove convertible features.

Convertible note transactions during the year ended December 31, 2024:

a) **MV Convertible Note:** On November 29, 2024, the Company and M&V Investments One LLC ("MV") executed an agreement to amend the USD$20,112,015 MV Convertible Note resulting in the MV Convertible Note, with an effective date of June 4, 2024. Under the terms of the amendment, the MV Convertible Note will bear interest of 12% per annum, compounded annually, with interest and principal payable on the maturity date, defined as November 30, 2026. The Company and MV also agreed that MV may convert all or any portion of the outstanding principal balance of the MV Convertible Note at a price of USD $2.75 per common share of the Company at any time prior to maturity. The amendment was subject to review under IFRS 9 and as a result, the USD$20,112,015 MV Convertible Note was extinguished and the MV Convertible Note was established. Details of the transaction are included in the convertible debenture continuity schedule above.

b) **IBGL and VMOS Convertible Notes:** On December 31, 2024, the Company and lenders of the USD$1,562,500 IBGL and, USD$1,093,750 VMOS Convertible Notes amended existing notes, with an effective date of April 22, 2024, resulting in the IBGL and VMOS Convertible Notes. Under the terms of the amendments, interest is set at 12% per annum, with interest and principal payable on the maturity date, defined as November 30, 2026. The Company and the holders of the IBGL and VMOS Convertible Notes also agreed that the lenders may convert all or any portion of the principal balance of the respective Convertible Notes at a price of USD $2.75 per common share of the Company at any time prior to the next respective maturity date. The amendment was subject to review under IFRS 9 and as a result, the USD$1,562,500 IBGL and USD$1,093,750 VMOS Convertible Notes were extinguished and the IBGL and VMOS Convertible Notes were established. Details of the transactions are included in the convertible debenture continuity schedule above.

[i] Related party
[ii] Matured Convertible Debt

During the year ended December 31, 2025, the Company remained engaged in negotiations to renew the AB and FCC Convertible debt that matured during the reporting period. The principal renewal terms of the debt instruments have been acknowledged as acceptable by the lenders. Given that the original maturity dates have expired, these loan obligations continue to be classified as short-term debt in the Company's Consolidated Statement of Financial Position.

C. DEBT SETTLEMENTS

On July 19, 2024, the Company entered into a settlement agreement with Oakshire Holdings Inc. and its affiliates (the "Oakshire Parties") to resolve a series of financial obligations and claims, including the extinguishment of $1,123 due under the Due to Oakshire Note (the "Oakshire Settlement Agreement"). Under the terms of the agreement, the Company will pay the Oakshire Parties $3,357 in scheduled installments. The obligations under the Oakshire Settlement Agreement is secured by tangible assets held by the Company, in concert with the Oakshire Note. Payments made by the Company in connection with the Oakshire Note amounted to $3,440 as at year end December 31, 2025.

D. OFF BALANCE SHEET ARRANGEMENTS

The Company did not enter any off-balance sheet arrangements during period ending December 31, 2025 (2024; nil).

During the years ended December 31, 2025 and December 31, 2024, the Company satisfied all financial and operating covenants associated with its debt obligations, with the exception of the scheduled payment obligations under the Oakshire Note. The note provides for a series of scheduled principal payments, with the final scheduled payment having been originally due on February 28, 2025. As at December 31, 2025, the remaining balance owing was $1,413, which represents the outstanding portion of the original obligation. The Company has been engaged in active and ongoing discussions with the noteholder regarding the remaining balance and is working collaboratively toward a mutually acceptable resolution. The Company has continued to recognize the obligation in accordance with IFRS 9 — *Financial Instruments*, and the full carrying amount has been classified as a current liability in the consolidated statement of financial position to reflect the noteholder's contractual right to demand payment. Default interest at a rate of 18% per annum accrues on the outstanding balance in accordance with the terms of the note and is recognized as a finance cost in the period in which it is incurred.

The Company does not consider the remaining obligation under the Oakshire Note to have a material adverse effect on its operations, liquidity position, or ability to execute its strategic plan, and continues to engage in good-faith negotiations toward resolution. The Oakshire Note relates to a single legacy commercial arrangement and is not representative of the Company's broader credit standing or its compliance posture across its remaining note payable portfolio.

22. SHARE CAPITAL AND RESERVES

A. AUTHORIZED

As at December 31, 2025, the authorized shares were as follows:

- Unlimited number of common shares without par value with special rights and restrictions.
- An unlimited number of preferred shares, issuable in series, without par value with special rights and restrictions, and which are non-voting except in specific circumstances related to dividend defaults.

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

B. ISSUED AND OUTSTANDING

Changes in share capital for the period ended December 31, 2025, 2024, and the balances outstanding is as follows:

Common Shares	Common Shares	Share Capital
	#	$
Balance, December 31, 2024	**470,221,901**	**342,111**
Issuance of shares for settlement agreement	375,000	13
Balance, December 31, 2025	**470,596,901**	**342,124**

Share Capital transactions during the year ended December 31, 2025:

On June 10, 2025, in connection with a settlement agreement and mutual release of all claims arising from an independent contractor agreement, the Company issued 375,000 common shares at a deemed price of $0.035 per share, for total deemed consideration of $13,125, as partial consideration for the settlement of outstanding obligations owed to a former independent contractor.

Share Capital transactions during the year ended December 31, 2024:

On June 14, 2024, all authorized Series 1 Convertible Preferred shares and Series II Convertible Preferred shares outstanding, of which none were allotted or issued, were eliminated by approved resolution. On the same date, the Company authorized a new class of preferred shares (the "Preferred Shares"). The Preferred Shares are unlimited, issuable in series, without par value, and have special rights and restrictions, under directors' discretion, which impact (1) dividend entitlements, (2) redemption terms and (3) conversion rights provided that no other preferred shares are issued and outstanding. In the event of liquidation, Preferred shareholders have priority in receiving paid-in capital plus any accrued dividends before any distribution to common shareholders. The Preferred shareholders do not have voting rights or the right to attend general meetings, except in specific circumstances related to dividend defaults.

On June 14, 2024, the common shares were concurrently amended to include the following special rights and restrictions: in the event of the Company's liquidation or dissolution, common shareholders are entitled to share in the remaining assets of the Company after the claims of the Preferred shareholders and any other classes with priority have been satisfied.

C. STOCK OPTIONS

The Company established a 20% rolling stock option plan (the "Option Plan") to provide the Company with a share-related mechanism to attract, retain and motivate directors, employees, and consultants, to reward such persons with the grant of options under the Option Plan from time to time for their contributions toward the long-term goals of the Company and to enable and encourage such persons to acquire shares as long-term investments.

Under the Option Plan, the Board of Directors may from time to time, in its discretion, grant stock options to directors, officers, employees and consultants of the Company. Pursuant to the Option Plan, the Company may issue options for such period and exercise price as may be determined by the Board of Directors, and in any case not exceeding ten (10) years from the date of grant. The minimum exercise price of an option granted under the Option Plan must not be less than the closing price of the common shares on the date preceding the option grant date.

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

In any 12-month period, and in relation to the number of issued and outstanding common shares of the Company, the total number of options awarded cannot exceed:

- 5% to any one individual as at the grant date
- 2% to any one Consultant as of the grant date
- 2% to employees performing investor relations activities for the Company

The Company uses the Black-Scholes model to establish the fair value of the options on the date of grant by applying the assumptions below. The fair value of the option is expensed over the option's vesting period.

The following assumptions were used by the Company to value the stock options outstanding as at December 31, 2025:

Grant Date	Vesting Start Date	Expiry Date	Share price on Date of Grant	Exercise Price	Volatility	Risk Free Rate	Dividends
			$	$	%	%	$
12-Nov-21	21-Nov-21	26-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	22-Jan-22	26-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	8-Nov-21	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	1-Jul-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	20-Sep-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	4-Oct-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.14	94.35%	3.98%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.20	94.35%	3.98%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.50	94.35%	3.98%	$nil
15-Mar-23	15-Mar-24	15-Mar-33	0.10	0.10	94.35%	3.98%	$nil
3-Oct-24	3-Oct-25	3-Oct-29	0.07	0.10	150.63%	3.28%	$nil

Volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on the rate prescribed for Canada government bonds as of the date of the Financial Statements with a remaining term equal to the expected life of the options.

The number of stock options and weighted average exercise prices as at December 31, 2025, and 2024 are as follows:

	Options	Weighted average exercise price
	#	$
Balance Outstanding, January 1, 2024	**16,960,931**	**0.95**
Issued	1,925,000	0.10
Expired	(3,197,002)	2.07
Forfeited	(102,500)	0.68
Balance Outstanding, December 31, 2024	**15,586,429**	**0.80**
Expired	(4,986,429)	0.71
Balance Outstanding, December 31, 2025	**10,600,000**	**0.16**
Exercisable		
Exercisable as at December 31, 2025	9,220,836	0.16
Exercisable as at December 31, 2024	12,828,097	0.38

Stock Options are measured at fair value at the date of grant and are expensed to share based compensation over the option's vesting period. For the twelve months ended December 31, 2025, the Company had share-based compensation expenses relating to stock options amounting to $87 (2024; $195).

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

The following reflects remaining contractual life for outstanding and exercisable options as at December 31, 2025:

	Outstanding			Exercisable	
Expiry date	**Exercise price**	**Options**	**Remaining contractual life**	**Options**	**Remaining contractual life**
	$	**#**	**(years)**	**#**	**(years)**
12-Nov-26	0.63	400,000	0.87	400,000	0.87
26-Nov-26	0.63	75,000	0.90	75,000	0.90
7-Oct-27	0.14	6,500,000	1.77	6,500,000	1.77
7-Oct-27	0.20	200,000	1.77	200,000	1.77
7-Oct-27	0.50	250,000	1.77	250,000	1.77
03-Oct-29	0.10	1,925,000	3.76	962,500	3.76
15-Mar-33	0.10	1,250,000	7.21	833,336	7.21
Total		**10,600,000**	**2.73**	**9,220,836**	**2.42**

23. EARNINGS (LOSS) PER SHARE ON CONTINUING OPERATIONS

Earnings/loss per share for the year ended December 31, 2025, and 2024 is as follows:

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
Outstanding common shares	470,596,901	470,221,901
Earnings (loss) from continuing operations attributable to RWB shares ($)	(90,172)	(19,162)
Weighted average number of shares outstanding, basic and dilutive	470,246,559	470,221,901
Earnings/loss per share, basic and diluted ($)	**(0.19)**	**(0.04)**

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

24. REVENUES

The Company generates revenue through three distinct channels: Retail, Distribution and Licensing. Revenues by channel for the year ended December 31, 2025, and 2024 is as follows:

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	$	**$**
Distribution	44,107	58,539
Licensing	1,353	4,666
Retail	19,368	16,960
Total revenue	**64,828**	**80,165**

Revenue as a percentage of total sales for the year ended December 31, 2025, and 2024 is as follows:

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	%	**%**
Distribution	68%	73%
Licensing	2%	6%
Retail	30%	21%
Total revenue	**100%**	**100%**

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

During the year ended December 31, 2025, and 2024, the Company did not have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a result, the Company has not adjusted any of the transaction prices for the time value of money.

25. GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses for December 31, 2025, and 2024 were as follows:

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	$	**$**
Salaries and wages	13,425	14,841
Facilities expense	2,224	1,638
Professional fees	6,559	5,841
Office and administrative fees	1,869	1,761
Travel expense	397	521
Licenses and permits	1,596	1,703
Insurance	1,652	1,895
Penalty and late fees	282	229
Total general and administrative expenses	**28,004**	**28,429**

26. INCOME TAXES

A. INCOME TAX EXPENSE

The Company conducts business within the cannabis industry in the United States. As a result, the Company is subject to the limits of Internal Revenue Code 280e under which it is only allowed to deduct expenses directly related to the cost of goods sold or the costs of production of its cannabis related finished goods.

A reconciliation of the amounts of income taxes reflected above compared to the expected income tax rates calculated at the combined Canadian federal and provincial enacted statutory rate of 26.5% for each of two years ended December 31, 2025, and December 31, 2024, is as follows:

	2025	2024
	$	**$**
Current tax expense (recovery)		
Continuing operations	807	2,020
Discontinued operations	103	(151)
Deferred tax expense (recovery)		
Continuing operations	(14,099)	(1,967)
Discontinued operations	497	(366)
Total income tax expense (recovery)	**(12,692)**	**(463)**

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

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26.5% (2024 - 26.5%) to income before income taxes. The reconciliation of the differences are as follows:

	2025	2024
	$	**$**
Income before income tax including discontinued operations	(95,201)	(33,562)
Statutory income tax rate	26.50%	26.50%
Expected income tax expense (recovery)	(25,228)	(8,894)
Increase (decrease) resulting from:		
Effect of change in tax rates	(192)	(84)
Non-deductible recoveries and other	(2,672)	(3,906)
280E expenses	6,284	8,274
Impairment of goodwill	3,548	-
Return to provision true up	(7,621)	(566)
Change in unrecognized temporary differences	13,190	4,712
Income tax expense (recovery)	**(12,692)**	**(464)**

B. RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are attributable to the following:

	2025	2024
	$	**$**
Deferred tax assets		
Non-Capital Loss Carryforward	7,930	6,739
Lease Obligations	79	-
Other	719	56
Fixed Assets	-	32
Deferred tax assets	**8,727**	**6,827**

Deferred tax liabilities are attributable to the following:

	2025	2024
	$	**$**
Inventory and biological assets	(424)	(760)
Intangibles	(13,107)	(25,382)
Property, plant and equipment	(38)	-
Other	-	306
Deferred tax liabilities	**(13,569)**	**(25,836)**
	8,727	**6,827**
Net deferred tax liability	**(4,842)**	**(19,009)**

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

C. MOVEMENT IN DEFERRED TAX ASSETS & LIABILITIES

The following table summarizes the movement in deferred tax assets and liabilities:

	$
Balance, December 31, 2024	**(19,009)**
Future income tax recovery (expense)	14,099
Future income tax recovery (expense) relating to discontinued operations	(498)
Other	566
Balance, December 31, 2025	**(4,842)**

In evaluating whether it is more likely than not that all of or a portion of a deferred income tax asset will be realized, consideration is given to the estimated reversal of deferred income tax liabilities and future taxable income generated in the taxing regime in which the Company and its subsidiaries conduct operations. The Company has recognized valuation allowances for operating or non-capital losses carried forward, capital losses carried forward and other deferred income tax assets for which it is believed that it is more likely than not that these items will not be realized.

D. UNRECOGNIZED DEFERRED TAX ASSETS & LIABILITIES

The unrecognized temporary differences of the Company are comprised of:

	2025	2024
	$	$
Non Capital Loss Carryforward	319,761	282,999
Property, plant and equipment	(1,788)	(297)
Lease Obligations	151	185
Restricted IFE	41,222	23,109
Financing fees and reserves	729	7,888
Other	322	(8,548)
Intangibles	(2,035)	(1,588)
Inventory and biological assets	(6,528)	-
Right of Use Assets	(158)	(198)
	351,675	**303,550**

As at December 31, 2025, and 2024 the Company has the following tax attributes available to reduce future year's taxable income, which operating losses carried forward expire as follows:

	2025	2024
	$	$
Future tax attributes		
Expiring between 8 and 20 years	376,790	290,090
Indefinite	27,644	22,295
Total	**404,434**	**312,385**

In accordance with the guidance noted above in section (d), the Company has recognized a valuation allowance for the noted amount of losses above. Penalties and interest are accounted for as part of the income tax provision.

As of the date of the Financial Statements, the Company was in the process of finalizing prior period income tax filings. As such, the balances recognized by the Company in the aforementioned notes may be subject to change in future periods based on the respective final tax filing positions.

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

27. NON-CONTROLLING INTERESTS

RWB FLORIDA, LLC AND RED WHITE & BLOOM, FLORIDA, INC.

RWB Florida, LLC ("Florida LLC") is a member-managed limited liability company that serves as the sole shareholder of Red White & Bloom Florida Inc. ("Florida Inc"). The Florida Inc. is responsible for all management, operational, and day-to-day commercial activities conducted by the Company in the state of Florida.

Membership Structure

The LLC has issued two classes of membership interests:

- Class A: Held exclusively by RWB
- Class B: RWB maintains a 54% controlling interest, with the remaining 46% held by multiple minority members

Non-Controlling Interests

Several Class B members collectively own 23% of the issued and outstanding Class B membership interests, representing the non-controlling interest in both Florida LLC and Florida Inc. No individual non-controlling Class B member holds an ownership stake exceeding 4.99% of total issued and outstanding interests.

The following table presents the summarized financial position before intragroup eliminations for non-wholly owned subsidiaries at December 31, 2025, and 2024:

	As at 31-Dec-25	As at 31-Dec-24
	$	$
Assets		
Current	(3,636)	13,831
Non-current	144,418	195,170
Total assets	**140,782**	**209,001**
Liabilities		
Current	94,707	11,980
Non-current	22,994	108,591
Total liabilities	**117,702**	**120,571**
Net Assets	**23,081**	**88,430**

The following summarizes the financial results before intragroup eliminations for non-wholly owned subsidiaries for the year ended December 31, 2025, and 2024:

	For the year ended 31-Dec-25	For the year ended 31-Dec-24
Net Income (loss)	(61,881)	(30,137)
Interests		
Controlling interests – 77%	(47,748)	(23,254)
Non-controlling interests – 23%	**(14,134)**	**(6,883)**

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

28. RELATED PARTY TRANSACTIONS

A. KEY MANAGEMENT

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of certain executive members of the Company's Board of Directors and corporate officers. Remuneration attributed to key management personnel for the year ended December 31, 2025, and 2024, is as follows:

	Year ended 31-Dec-25	Year Ended 31-Dec-24
	$	$
Management salaries, bonuses, and other benefits	752	1,062
Consulting Fees Paid to a company controlled by a director of the company	60	20
Share-based payments – officers	17	40
Share-based payments – directors	-	66
Total	**829**	**1,188**

B. AMOUNTS DUE TO/FROM RELATED PARTIES

- Included in accounts payable and accrued liabilities is $1,377 in management salaries, bonuses, and other benefits to be paid out in future periods (2024; $1,092)
- The CPIL Convertible Note represents an obligation to an entity controlled by the Company's President. This note was issued with a two-year term, scheduled to mature on September 15, 2024, bearing interest at 8% per annum. Upon initial recognition, the Company valued the CPIL Convertible Note using the residual method, allocating $14,893 to long-term convertible debt liability and $2,107 to convertible debt reserve. The liability portion amortized over the two-year loan term at an effective interest rate of 16.43%. At maturity, due to the expiry of the embedded conversion rights, the Company transferred the convertible debt reserve to contributed surplus. On February 1, 2025, the Company and the noteholder renegotiated the terms of the instrument, transforming the CPIL Convertible Note into a note payable (the "CPIL Note"). For complete details regarding outstanding amounts and terms of the CPIL Convertible Note, refer to Note 21.
- The VMOS Convertible Note represents an obligation to an entity controlled by a member of the Company's Board of Directors. Originally scheduled to mature on April 22, 2024, the note was formally amended on December 31, 2024, with the amendment retroactively effective as of June 4, 2024. The amendment extended the maturity date to November 30, 2026, deferred the payment of interest and principal to the next maturity date, and increased the annual interest rate from 8% to 12%. Upon amendment, the Company reassessed the note's value using the Binomial lattice method based on the Cox-Ross-Rubinstein market model, resulting in no derivative liability. For complete details regarding outstanding amounts and terms of the VMOS Convertible Note, refer to Note 21.
- The Company has 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. During the period, the Company successfully concluded negotiations with various lenders, including related party lenders, to renew multiple previously issued notes payable and convertible debentures that had matured during the fiscal year ended December 31, 2024 (the "Matured Debt"). Originally scheduled to mature on September 12, 2024, the Matured Debt was formally amended on February 1, 2025, with the amendments effective as of September 15, 2024. The renewed debt includes revised terms that align with the Company's growth strategy, allowing management to maintain adequate cash flow while continuing to pursue strategic expansion initiatives in active markets in Canada and the United States. Refer to Note 21 for details notes payable due by the Company to lenders deemed to be related parties.

C. RELATED PARTY TRANSACTIONS

- Officers and Directors of the Company held an aggregate of 37,220 common shares and 4,450 stock options (37,220 and 6,450, respectively). As at December 31, 2025, 4,033 of these stock options are fully vested (2024; 5,167).
- 2,000 stock options held by Directors of the Company expired (2024; 22).
- The Company expensed $17 in stock-based compensation related to stock options held by directors and officers (2024; $107).
- The Company paid directors fees to two members of the board of directors amounting to $60.
- The Company's note payable, the "ELL Note," is supported by a guarantee provided by DICL, a related party lender, which was subject to a fee payable to DICL by the Company. The fee was calculated based on a percentage of the principal of the ELL Note as is standard practice within capital markets. Refer to Note 21 for details on the ELL Note.
- On January 1, 2024, the Company executed the RGR Grid Note Amendments (Note 21)
- On February 1, 2025, the Company renewed related party Matured Debt (Note 21)

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

A. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of other financial instruments, which include accounts receivable, accounts payable and accrued liabilities, notes receivable, and notes payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

In determining the fair value of investments, Level 3 input includes subjective estimates in assessing indicators of impairment.

B. CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that are subject to such risk include cash and cash equivalents, accounts receivable and notes receivable. Accounts receivable are amounts due by customers purchasing through the Company's distribution channel, who have exhibited a strong credit standing and continued good payment history with the Company. Notes receivable are amounts due from third party debtors (Note 9).

The Company limits its exposure to credit loss on cash and cash equivalents by placing its cash with reputable financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

As at December 31, 2025, the Company held an accounts receivable balance of $8,317(2024; $16,112). Included in this balance is a provision for expected credit losses ("ECL") in the amount of $3,417 (2024; $9,186). The reader is referred to Note 9 for details relating to the Company's accounts receivable and ECL provision for the year ended December 31, 2025, and 2024.

As at December 31, 2025, the Company held note receivable balances amounting to $37,448 (2024: $15,836) (Note 9).

C. LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at December 31, 2025, the Company had a cash and cash equivalents balance of $4,567 (2024; $7,285) available to apply against short-term business requirements and current liabilities of $133,955 (2024; $343,033), including short-term lease obligations (Note 17), short term notes and convertible debentures (Note 21), and income taxes payable (Note 26) and other current liabilities.

The Company also continues to pursue other means of debt or equity financing to further mitigate its liquidity risk in addition to seeking out opportunities to monetize captive or redundant tangible assets should they present themselves. The Company also continues to maintain a constant focus on executing initiatives with greater expected returns to improve its cash flow and targeting reductions in operating and administrative costs as feasible.

D. INTEREST RATE RISK

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates.

Interest earned on cash is at nominal interest rates, and therefore the Company does not consider the interest rate risk for cash to be significant.

As at December 31, 2025, and 2024, the interest rate on notes payable and convertible debentures are fixed based on the terms agreed to within the respective debt contracts. As such, the Company's interest rate risk exposure is limited to the aforementioned interest rate terms within the aforementioned contracts.

E. FOREIGN CURRENCY RISK

The Company is exposed to foreign currency risk arising from exchange rate fluctuations and their volatility, primarily affecting the timing and valuation of accounts payable settlements. Management mitigates this risk through prompt creditor payments and active monitoring of currency market movements.

Additional exposure stems from maintaining balances and conducting transactions in currencies different from the Company's functional currency. With operations in jurisdictions using the United States Dollar (USD) and US-based subsidiaries, the Company faces risks from:

- Transaction exposure from intercompany loans, dividends, and cross-border transactions
- Economic exposure affecting competitive positioning in US markets

Currently, the Company does not utilize derivative financial instruments or hedging strategies to manage these foreign currency risks, which may impact reported earnings and cash flows.

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

As at December 31, 2025, and 2024, the Company was exposed to the following foreign currency risk:

	As at 31-Dec-25	As at 31-Dec-24
	$	$
Financial assets denominated in foreign currencies (USD)	55,096	388,614
Financial liabilities denominated in foreign currencies (USD)	(171,945)	(205,616)
Net exposure	**(116,849)**	**182,998**

A three (3%) and ten (10%) percent increase in the US dollar exchange rate relative to the Canadian dollar would increase the Company's net loss for the year ended December 31, 2025, by $7,901 and $26,336, respectively (2024; $,1,535 and $5,115 respectively).

F. CAPITAL RISK MANAGEMENT

The Company monitors its capital structure and adjusts according to market conditions in an effort to continue to meet its financial and strategic objectives. The Company may manage its capital structure by restructuring existing debt, issue new debt or shares (common or preferred), or repurchasing issued and outstanding shares (common or preferred). The capital structure is reviewed by management and the board of directors on an ongoing basis. The Company manages capital through its financial and operational forecasting processes.

The Company's equity is comprised of share capital, contributed surplus, stock option reserves, and accumulated deficit. As at December 31, 2025, the Company has shareholders' deficit of $240,968 (2024; $173,029). Included in the consolidated statements of financial position as of December 31, 2025, is an accumulated deficit of $579,508 (2024; 511,134) including the impact of non-cash impairments totaling $385,025.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2025. The Company is not subject to any external capital requirements.

30. CONTINGENCIES AND COMMITMENTS

A. CLAIMS AND LITIGATION

On April 1, 2025, RWB Michigan, LLC ("RWBM") was served a summons by Skybar Vapor, LLC ("Skybar"), an entity representing a former vendor of RWBM. The summons addresses a contractual dispute, raised by Skybar, between RWBM and Skybar relating to the supply of raw materials to RWBM by Skybar. The summons details damages in excess of $1,000 being sought by Skybar regarding the contractual dispute. On September 11, 2025, RWBM agreed to damages of US$100 to fully resolve all issues between itself and Skybar. As a result of the mutual settlement, Skybar filed a dismissal of its case against RWBM with the Oakland Country Circuit Court on September 12, 2025.

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

In the normal course of business, the Company is involved in various legal proceedings, the outcomes of which cannot be determined at this time, and, accordingly, no provision has been recorded in these 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.

B. CONTINGENCIES

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

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

31. SEGMENTED RESULTS

Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct, and the operating results are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation decisions and assessing its performance. Reportable segments are operating segments whose revenues, profit (loss), or total assets exceed ten percent or more of those of the combined entity. Key measures used by the CODM's to assess performance and make resource allocation decisions include revenues, gross profit and net (loss) income.

The Company's operating segments consist of (1) Corporate, (2) Distribution, (3) Licensing, (4) Retail and (5) Other.

Comparative revenues, cost of goods before fair value adjustments, fair value adjustments, operating expenses and other expenses have been reclassified to confirm to the current period's financial statement presentation.

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

The following exhibits summarize the consolidated financial information of the Company's reportable segments for the year ended December 31, 2025, and 2024.

Year ended December 31, 2025	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	44,107	1,353	19,368	-	64,828
Cost of goods sold	-	28,778	202	15,710	-	44,690
Gross profit before fair value adjustments	-	15,329	1,151	3,658	-	20,138
Unrealized changes in fair value of biological assets	-	4,636	-	1,441	-	6,077
Realized fair value amounts included in inventory sold	-	324	-	(3,962)	-	(3,638)
Total Gross Profit (loss)	-	20,289	1,151	1,137	-	22,577
Total gross Profit (%)	0%	46%	85%	6%	0%	35%
Total operating expenses	5,061	16,462	506	13,697	1,220	36,946
Total other expenses (income)	35,161	202,287	101	(152,267)	17,947	103,229
Profit (loss) before Income Taxes	**(40,222)**	**(198,460)**	**544**	**139,707**	**(19,167)**	**(117,598)**
Income tax	-	795	(348)	8,436	4,408	13,291
Net profit (loss) from continuing operations	**(40,222)**	**(197,665)**	**196**	**148,143**	**(14,759)**	**(104,307)**
Loss from discontinued operations	-	-	-	-	21,798	21,798
Net loss for the year	**(40,222)**	**(197,665)**	**196**	**148,143**	**7,039**	**(82,509)**
Attributed to:						
Red White and Bloom	(40,222)	(197,665)	196	162,277	(14,759)	(90,173)
Non-controlling interests	-	-	-	(14,134)	-	(14,134)
As at 31-Dec-25						
Intercompany Balances	399,675	(242,679)	(38,735)	(73,158)	(45,102)	-
Total Assets	565,636	(146,254)	1,525	105,536	(299,696)	226,747
Total non-current assets	164,656	20,049	40,037	160,112	(262,408)	122,446
Total liabilities	284,752	25,785	(94)	119,563	37,708	467,714
Total non-current liabilities	278,952	20	(207)	22,994	32,000	333,759
% of sales revenue	0%	68%	2%	30%	0%	100%
% of loss for the period	17%	83%	0%	0%	0%	100%
% of income for the period	0%	0%	3%	0%	97%	100%

Year ended December 31, 2024	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	58,539	4,666	16,960	-	80,165
Cost of goods sold	-	45,015	1,236	13,605	-	59,856
Gross profit before fair value adjustments	-	13,524	3,430	3,355	-	20,308
Unrealized changes in fair value of biological assets	-	11,158	-	2,959	-	14,117
Realized fair value amounts included in inventory sold	-	(535)	-	(5,446)	-	(5,981)
Total Gross Profit (loss)	-	24,147	3,430	868	-	28,444
Total gross Profit (%)	0%	41%	74%	5%	0%	35%
Total operating expenses	6,905	17,050	864	15,300	281	40,400
Total other expenses (income)	7,256	(4,797)	(6,464)	17,782	259	14,036
Profit (loss) before Income Taxes	(14,161)	11,894	9,030	(32,214)	(540)	(25,992)
Income tax	-	(1,661)	431	1,182	(5)	(53)
Net profit (loss) from continuing operations	(14,161)	10,233	9,461	(31,032)	(545)	(26,045)
Loss from discontinued operations	-	-	-	-	(7,054)	(7,054)
Net loss for the year	(14,161)	10,233	9,461	(31,032)	(7,599)	(33,099)
Attributed to:						
Red White and Bloom	(14,161)	10,231	9,462	(24,149)	(545)	(19,162)
Non-controlling interests	-	-	-	(6,883)	-	(6,883)
As at 31-Dec-24						
Intercompany Balances	394,340	(234,860)	(38,396)	(65,349)	(55,735)	-
Total Assets	560,509	68,756	1,777	183,967	(520,618)	294,391
Total non-current assets	164,645	234,913	39,159	209,822	(465,509)	183,029
Total liabilities	251,304	36,993	(595)	157,175	22,543	467,420
Total non-current liabilities	-	1,298	(582)	108,270	15,400	124,387
% of sales revenue	0%	73%	6%	21%	0%	100%
% of loss for the period	31%	0%	0%	69%	0%	100%
% of income for the period	0%	52%	48%	0%	-63%	100%

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

Revenues and total assets/liabilities by geographic region for the year ended December 31, 2025, and 2024:

	Canada	USA	Canada	USA
	Year ended 31-Dec-25		Year ended 31-Dec-24	
	$'000	$'000	$'000	$'000
Total revenues	30,806	34,022	35,329	44,836
	Canada	USA	Canada	USA
	As at 31-Dec-25		As at 31-Dec-24	
Total assets	70,146	156,600	105,474	188,917
Total liabilities	283,221	184,492	249,559	217,862

32. DISCONTINUED OPERATIONS

Discontinued operations of the Company's wholly owned subsidiaries include Mid-American Growers, Inc., Real World Business Integration, LLC, Vista Prime Management, LLC, GC Ventures 2, LLC, Vista Prime 3, Inc, Royalty USA Corp, RWB Illinois, Inc, and Pharmaco Inc.

Components of residual loss from discontinued operations for the year ended December 31, 2025, and 2024:

	Year ended 31-Dec-25	Year ended 31-Dec-24
	$	**$**
Revenue	-	4,694
Cost of sales	-	3,786
Gross profit (loss)	**-**	**908**
General and administration	1,036	4,930
Sales and marketing	-	151
Depreciation and amortization	-	376
Bad debt expense (recovery)	4	1,591
Loss from operations before other expenses	**(1,040)**	**(6,141)**
Other expenses (income)	(9,696)	(581)
Finance expense	521	2,571
Accreted interest: leases	-	121
(Gain) loss on disposal - capital assets	(31)	(71)
(Gain) loss on debt settlement	(10,119)	-
Inventory write-downs	-	141
Unrealized/realized (gain) loss on foreign exchange	(4,114)	(752)
Net income (loss) before taxes from discontinued operations	**22,399**	**(7,570)**
Current income tax (recovery) expense	103	(151)
Deferred income tax (recovery) expense	498	(366)
Net income (loss) from discontinued operations	**21,798**	**(7,054)**
Net loss per share, basic and diluted on discontinued	0.05	(0.02)
Weighted average number of outstanding common shares, basic and diluted	470,246,559	470,221,901

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

33. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Changes in items not involving cash during the year ended December 31, 2025, and 2024 are as follows:

	Notes	Year ended 31-Dec-25	Year ended 31-Dec-24
		$	$
Items not involving cash:			
Accreted interest on leases	17	2,764	2,577
Depreciation of right-of-use assets	17	1,740	1,576
Depreciation of property, plant and equipment	15	4,588	4,575
Disposal of property, plant and equipment on discontinued operations	14	159	2,016
Disposal of right-of-use assets	17	720	2,121
Acquisition of right-of-use assets	17	(2,373)	(2,105)
Gain on valuation of financial instruments	21	-	(691)
Accrued interest on notes payable	21	36,690	25,265
Accrued interest on notes payable on discontinued operations		39	-
Accreted interest on notes payable	21	-	248
Accrued interest on convertible debentures	21	5,855	7,651
Accreted interest on convertible debentures	21	-	2,639
Accrued interest on credit facility held for sale	14	-	2,466
Finance Fees	21	-	3,125
Accrued interest on interest receivable	9	(2,914)	(1,123)
Amendment fees on credit facility	-	-	(45)
Loan forgiveness on notes payable	21	(5,804)	-
Gain/(Loss) on Debt modification	21	-	(167)
Gain on investment	7,18	(878)	(7,556)
Stock based compensation	22	87	195
Addition to leases	17	2,315	(2,816)
Realized fair value (gain) loss in cost of goods sold	13	3,638	5,981
Fair value adjustment on biological assets	13	(6,077)	(14,117)
Gain on discharge of credit facility in discontinued operation	14	(9,770)	-
Gain on payables on receivership in discontinued operation	14	(12,796)	-
Amortized discount on note receivable	22	-	(59)
Impairment of intangible assets	16	41,864	-
Impairment of goodwill	19	13,220	-
Total Items not involving cash		**73,068**	**31,757**

34. SUBSEQUENT EVENTS

A. 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.

The acquisition is structured as a share purchase implemented through a reverse vesting order, pursuant to which Emblem will indirectly acquire Ayurcann's business, operations and licences through ownership of 100% of the newly issued shares of Ayurcann Inc. Certain excluded assets and liabilities of Ayurcann will be vested in an affiliate and are not being assumed by Emblem. Total cash consideration is C$5,004,200, payable at closing from facilities generally available to Emblem.

The assets to be acquired include Ayurcann's Health Canada-licensed formulation, manufacturing and packaging facility in Pickering, Ontario; the Fuego, Xplor and Happy & Stoned brand portfolio and related intellectual property; retained commercial contracts and related national distribution arrangements; and, subject to regulatory approval, the licences required to operate the acquired business.

Closing remains subject to Court approval and the satisfaction of customary closing conditions and is currently anticipated to occur no later than May 15, 2026. Upon closing, the transaction will be accounted for as a business combination in accordance with IFRS 3, Business Combinations, with Emblem identified as the acquirer. As the transaction had not closed as at the date of approval of these consolidated financial statements, the initial acquisition accounting, including the allocation of the purchase consideration to the identifiable assets acquired and liabilities assumed and the determination of any resulting goodwill or bargain purchase gain, has not been performed, and the financial effect on the Company cannot be reasonably estimated at this time.

B. Divestiture of Florida Operations

On March 12, 2026, subsequent to the reporting period, the Company entered into a binding letter of intent (the "LOI") with M&V Investment One LLC ("M&V") and Royal Group Resources Ltd. ("RGR"), a third-party senior secured lender to RWB Florida, LLC, providing for the divestiture of the Company's Florida cannabis operations, including its subsidiaries RWB Florida, LLC and Red White & Bloom Florida Inc. (collectively, "RWB Florida"), to M&V (the "Proposed Transaction"). The LOI constitutes a binding legal commitment of the parties, with definitive agreements to be negotiated and executed as promptly as reasonably practicable.

The Proposed Transaction is structured around the following principal components: (i) the extension by M&V of a revolving senior secured credit facility of up to US$1.5 million to RWB Florida for operational funding purposes, bearing interest at 12% per annum and secured by a first-priority lien on all equity and assets of RWB Florida; (ii) the acquisition by M&V from RGR of all debt instruments and related security interests held in respect of RWB Florida, including a senior secured promissory note held by RGR, together with all intercompany debt instruments held by the Company and its affiliates (collectively, the "Assumed Debt"); (iii) the transfer by the Company of all equity interests in RWB Florida to M&V, with equity transfer documentation to be held in escrow pending regulatory approval from the Florida Office of Medical Marijuana Use ("OMMU") to the extent such approval has not been obtained by the closing date; and (iv) a transitional brand license agreement permitting RWB Florida to continue use of the Company's brand portfolio through December 31, 2026, with royalties payable at 5% of applicable revenues, subject to a minimum monthly royalty of US$25 thousand. On closing, M&V will assume and fully release all guarantees previously provided by the Company and its affiliates on behalf of RWB Florida, including retail lease guarantees, the surety bond related to the Florida MMTC licence, and all guarantees relating to the Assumed Debt.

Upon closing of the Proposed Transaction, the Company expects to lose control of RWB Florida within the meaning of IFRS 10, Consolidated Financial Statements. On the date on which control is lost, the Company will derecognize the assets and liabilities of RWB Florida at their carrying amounts, derecognize any previously recognized non-controlling interests, recognize the fair value of any consideration received (including the present value of brand licence royalties and the release of guarantee obligations), and recognize the resulting gain or loss on disposal in profit or loss. The determination of the date on which control is lost for purposes of IFRS 10 will depend on whether OMMU regulatory approval has been obtained at or prior to the closing date.

Management did not consider RWB Florida to have met the criteria for classification as held for sale under IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, as at December 31, 2025, as the requisite management commitment was not demonstrable until execution of the LOI on March 12, 2026. As of the date of publication of this report, the transaction remains subject to regulatory approvals (as a closing condition) and that both parties have not agreed on final comprehensive transaction terms to be memorialized in definitive documents.

C. Board of Director Changes

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

D. Restructuring of Michigan Distribution Operations

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

Subsequent to the reporting period, 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 balance of select RWB Michigan assets, including accounts receivable, notes receivable and fixed assets, for total cash consideration of US$20.4 million. Court approval for the sale was secured by the court-appointed receiver on March 26, 2026. On April 28, 2026, upon expiry of a receiver-mandated clearing period, MPV funded the aforementioned purchase and completed the Michigan restructuring initiative.

On the closing of the second tranche noted above, RWB Michigan will be in a position to exit the state-sponsored receivership. The final court order secured by the appointed receiver confirming the exit of the receivership will confirm the extinguishment of liabilities held by RWB Michigan as of the date of filing of the receivership.

As at the date of approval of these consolidated financial statements, although the sale of the assets had been completed, the receivership discharge had not been formally filed by the appointed receiver. The effect of the restructuring on the Company's consolidated financial statements, including the impact of the settlement of RWB Michigan's remaining liabilities realized by virtue of the authority of the court approved receivership, will be reflected in the Company’s second quarter interim financial statements.

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 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 consolidated financial statements as at and for the year ended December 31, 2025.

E. Financing and investing activities

Advances on existing notes

Subsequent to December 31, 2025, the Company received advances of USD $24,954 and CAD $1,700 under the RGR USD Grid Note and the RGR CAD Grid Note, respectively. Proceeds were used to fund the acquisition of select assets of RWB Michigan and the acquisition of Ayurcann Inc. through the investment solicitation process described above, with the balance applied to working capital and general corporate purposes.

Settlement of OPRC Note Receivable

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

F. Status as an 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.

SCHEDULE B

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2025

Red White & Bloom Brands Inc.

Management Discussion and Analysis

For the years ended December 31, 2025, and 2024

Dated April 30, 2026

CONTENTS

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 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 aforementioned 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 Sedar+.

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 fiscal year ended December 31, 2025 ("2025-YE" or "2025-YTD"), with comparative information for the fiscal year ended December 31, 2024 ("2024-YE" or "2024-YTD"). References to "2025-Q4" and "2024-Q4" denote the three months ended December 31, 2025, and December 31, 2024, respectively. This MD&A should be read in conjunction with the Company's audited Consolidated Financial Statements and the related notes thereto 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 April 30, 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 2025-YE, 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. **Retail Excellence** - Operating retail locations offering curated selections of branded and non-branded cannabis products to both medical and recreational consumers.
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 Licensing Power** - Strategically extending our market-leading Platinum and Platinum Vape brands through arm's length distribution partnerships.

The Company operates across key North American cannabis markets, with established operations in the U.S. states of Michigan, Florida, and California, and licensing partnerships extending our reach into strategic legal states. Our Canadian operations, acquired through the Aleafia Acquisition in early 2024, have strengthened our continental footprint and enabled the successful expansion of our Platinum brand portfolio into Canada's established cannabis marketplace. Our integrated North American 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 retail channels, and both domestic and international wholesale channels. Our diversified brand portfolio includes the respected EMBLEM and DIVVY brands, which offer innovative, consumer-focused products across multiple formats. 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.

The Company is pursuing strategic market penetration through:

1. **Asset-Light Licensing Model** - Leveraging our powerful brand equity through arm's length licensing agreements in targeted U.S. markets
2. **Vertical Integration** - Establishing a comprehensive and vertically integrated operational footprint in the North American cannabis marketplace.

At the core of this strategy is our portfolio of premium cannabis brands, including:

PLATINUM & PLATINUM VAPE ("PV")	DIVVY & EMBLEM
Our flagship premium brand recognized for exceptional quality	Market-leading Canadian brands with established consumer loyalty.

Our family of brands has secured a reputation for uncompromising quality across North American and international markets. The Company's product portfolio, encompassing both branded and non-branded offerings, has become the definitive choice for sophisticated cannabis consumers who demand consistency and excellence, delivered through rigorous procurement standards, precision-focused production methodologies, and comprehensive quality assurance protocols.

Platinum's diverse product ecosystem includes:

- **Advanced Vaporization Technology** - Disposable and reusable vape pens, cartridges, and pods available in precision-formulated, strain-specific varieties
- **Culinary Cannabis Innovations** - Artisanal, palate-driven edible creations, including our signature gummy coins featuring classic flavor profiles
- **Premium Flower Program** - Carefully cultivated packaged flower and various sophisticated pre-roll formats

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 the adult-use and medical markets, serving over 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, warehousing providers, 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 and established cannabis markets.

The Company's Canadian operations, established through the Aleafia Acquisition completed in early 2024, have become an integral component of our North American cannabis platform. Our Canadian assets include two licensed cultivation and processing facilities in Ontario, featuring one of Canada's largest outdoor cannabis cultivation operations. These facilities have significantly enhanced our cultivation, processing, and extraction capabilities, supporting expanded distribution of both adult-use and medical cannabis products to licensed retailers, with over 86 in-market product listings across multiple provincial jurisdictions, and patients throughout Canada's federally regulated marketplace.

Since the integration, the Company has focused on optimizing commercial and operational initiatives across our Canadian and U.S. operations to capture meaningful synergies. This strategic coordination has enabled us to continue to capitalize on best practices, streamline operational processes, leverage commercial opportunities through branded product offerings, and maximize efficiency gains across our integrated North American footprint. The alignment of our Canadian operations with our broader corporate strategy continues to deliver enhanced value through shared expertise, consolidated procurement opportunities, and coordinated brand development initiatives.

Licensing

The Company complements its core distribution operations with an asset-light licensing model. It partners with third-party, high-value licensed distributors in strategic U.S. markets, supplying non-THC branded inputs such as packaging, hardware, and terpenes, 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 Platinum or PV branded products within defined territories. These arrangements focus on the distribution of PV branded vape cartridges, disposable vapes, and edibles, allowing the Company to expand its brand presence in key states without the capital requirements associated with established in-state physical licensed operations. This strategy supports revenue diversification and leverages the strong reputation of the Platinum and PV brands.

Retail

Florida Operations:

As of the date of this MD&A, the Company is licensed to operate medical cannabis dispensaries in Florida and maintains a total of 13 licensed cannabis retail locations, all situated in Florida. Of these, 6 are licensed and active retail stores currently operating under the "One Plant Cannabis" retail banner, with an additional 7 retail locations licensed and available to be activated.

Our retail operations are supported by a processing, extraction, and packaging facility in Sanderson, Florida, that also houses edibles manufacturing, ongoing research and product development and administration functions in addition to a scalable cultivation facility in Apopka, Florida. The Apopka facility's cannabis biomass outputs are wholly committed to the Company, ensuring quality control and consistent product delivery across our Florida captive retail network; the primary means to sell-through finished goods under the current medical licensing regime.

As of the date of this report, the Company has secured an additional four (4) “white box” retail leases bringing the Company’s projected total of retail dispensaries to thirteen (13) throughout Florida with six (6) of these locations currently active. More recently, state and municipal approvals have been secured on a profile retail dispensary in South Miami Beach, with activation expected in 2026-Q2. Subsequent to year-end, the Company entered into a binding letter of intent to divest its Florida operations (see ‘*Recent Developments’*). As a result, the Company’s strategic focus with respect to its Florida retail platform is evolving.

Michigan Operations:

The Company is licensed within the state of Michigan to operate both adult-use and medical cannabis distribution operations. At the end of 2024, the Company made a strategic decision to rationalize its Michigan retail footprint and focus its resources on optimizing and expanding our market leading distribution operations.

The Company's Canadian medical cannabis operations, established as a result of the Aleafia Acquisition in early 2024, serve over 12797 registered patients across Canada through our comprehensive service and ecommerce platform. We are recognized for our extensive range of high-quality cannabis products, delivered under our EMBLEM and DIVVY brands, including cultivar-specific bottled oils, topicals, and capsules, and have expanded our offerings to include Platinum and PV branded edibles and vape products. Patients can access these products at their convenience, 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.

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

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 31-Dec-25	% Ownership As at 31-Dec-24
Continuing Operations				
Red White & Bloom Brands Inc. (Parent)	**CAD**	**British Columbia, Canada**	**100%**	**100%**
[1]RWB (PV) Canada, Inc.	CAD	Alberta and Ontario, Canada	100%	100%
RWB Licensing Inc.	CAD	British Columbia, Canada	100%	100%
[2]Aleafia Inc.	CAD	Ontario, Canada	100%	100%
[2]Aleafia Farms Inc.	CAD	Ontario, Canada	100%	100%
[2]Aleafia Retail Inc.	CAD	Ontario, Canada	100%	100%
[2]Canabo Medical Corporation	CAD	Ontario, Canada	100%	100%
[2]Emblem Cannabis Corporation	CAD	Ontario, Canada	100%	100%
[3]Emblem Lands LP	CAD	Ontario, Canada	100%	100%
[4]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%
[5]RWB California, Inc.	USD	California, United States	100%	100%
RWB Platinum Vape Inc.	USD	California, United States	100%	100%
RWB Florida, LLC	USD	Florida, United States	77%	77%
Red White & Bloom Florida, Inc.	USD	Florida, United States	77%	77%
[6]MPV Wellness Inc.	USD	Michigan, United States	100%	-
[7]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				
[8]Growwise Health Ltd.	CAD	Ontario, Canada	100%	100%
Vista Prime Management, LLC	USD	California, United States	100%	100%
[9]Vista Prime 3, Inc.	USD	California, United States	100%	100%
[10]Vista Prime 2, Inc.	USD	California, United States	100%	100%
Mid-American Growers, Inc.	USD	Delaware, United States	100%	100%
Pharmaco, Inc.	USD	Michigan, United States	100%	100%
RLTY USA Corp.	USD	Delaware, United States	100%	100%
RWB Illinois, Inc.	USD	Delaware, United States	100%	100%
Real World Business Integration, LLC	USD	Illinois, United States	100%	100%
[11]GC Ventures 2, LLC	USD	Michigan, United States	100%	100%

[1]Incorporated March 7, 2023
[2]Acquired January 12, 2024 (see *Acquisitions*)
[3] Established April 29, 2024
[4]Incorporated April 29, 2024
[5]Incorporated February 7, 2023
6 Incorporated August 15, 2025
[7] Incorporated December 17, 2024
[8] Dissolved December 31, 2025
[9] Dissolved November 6, 2024
[10] Dissolved November 6, 2024
[11] Dissolved November 19, 2024

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 Canadian Operations:** Following the successful integration of the Aleafia Group of companies, the Company is now positioned as a leading national licensed producer with enhanced cultivation capacity, expanded distribution capabilities, and broader consumer access points. This integrated platform serves as a cornerstone for capturing North American cannabis market opportunities while 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. The pending acquisition of Ayurcann, described in the *Recent Developments* section below, is expected to further strengthen this platform by expanding the Company's value-added manufacturing capabilities, broadening its branded product portfolio, and enhancing operational scale within Canada's regulated cannabis framework.
- **Manufacturing Innovation:** continued investment in state-of-the-art processing and production infrastructure in Michigan and Canada - encompassing cutting-edge extraction technologies, edibles manufacturing, and cultivation optimization - will enable portfolio diversification and capture growing demand across emerging product segments while driving operational efficiencies. These enhancements reinforce our vertically integrated approach and support long-term growth 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 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 all operational territories. Our innovation pipeline emphasizes high-quality concentrate products, including infused pre-roll offerings, artisanal edible offerings such as our distinctive gummy coin products, and next-generation All-In-One (AIO) vape platforms.

Our Canadian market presence has successfully established Platinum branded vape cartridges, All-In-One (AIO) products, gummy formulations, and various flower, pre-roll and milled offerings within Canada's regulated cannabis framework with over 86 in-market product listings across participating provincial jurisdictions. These tailored products enhance our existing Emblem and DIVVY brand portfolio, with market access through provincial distribution systems and direct patient sales via our medical retail platform.

RECENT DEVELOPMENTS

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.

The acquisition is structured as a share purchase implemented through a reverse vesting order, pursuant to which Emblem will indirectly acquire Ayurcann's business, operations and licences through ownership of 100% of the newly issued shares of Ayurcann Inc. Certain excluded assets and liabilities of Ayurcann will be vested in an affiliate and are not being assumed by Emblem. Total cash consideration is C$5 million, payable at closing from facilities generally available to Emblem.

The assets to be acquired include access to Ayurcann's Health Canada-licensed formulation, manufacturing and packaging facility in Pickering, Ontario; the Fuego, Xplor and Happy & Stoned brand portfolio and related intellectual property; retained commercial contracts and related national distribution arrangements; and, subject to regulatory approval, the licences required to operate the acquired business.

Closing remains subject to Court approval and the satisfaction of customary closing conditions and is currently anticipated to occur by May 15, 2026. Upon closing, the transaction will be accounted for as a business combination in accordance with IFRS 3, Business Combinations, with Emblem identified as the acquirer. As the transaction had not closed as at the date of approval of the D&A, the initial acquisition accounting, including the allocation of the purchase consideration to the identifiable assets acquired and liabilities assumed and the determination of any resulting goodwill or bargain purchase gain, has not been performed, and the financial effect on the Company cannot be reasonably estimated at this time.

Divestiture of Florida Operations

On March 12, 2026, subsequent to the reporting period, the Company entered into a binding letter of intent (the "LOI") with M&V Investment One LLC ("M&V") and Royal Group Resources Ltd. ("RGR"), a third-party senior secured lender to RWB Florida, LLC, providing for the divestiture of the Company's Florida cannabis operations, including equity interests in its subsidiaries RWB Florida, LLC and Red White & Bloom Florida Inc. (collectively, "RWB Florida"), to M&V (the "Proposed Transaction"). The LOI constitutes a binding legal commitment of the parties, with definitive agreements remaining to be negotiated and executed as promptly as reasonably practicable.

The Proposed Transaction is structured around the following principal components: (i) the extension by M&V of a revolving senior secured credit facility of up to US$1.5 million to RWB Florida for operational funding purposes, bearing interest at 12% per annum and secured by a first-priority lien on all equity and assets of RWB Florida; (ii) the acquisition by M&V from RGR of all debt instruments and related security interests held in respect of RWB Florida, including a senior secured promissory note held by RGR, together with all intercompany debt instruments held by the Company and its affiliates (collectively, the "Assumed Debt"); (iii) the transfer by the Company of all equity interests in RWB Florida to M&V, with equity transfer documentation to be held in escrow pending regulatory approval from the Florida Office of Medical Marijuana Use ("OMMU") to the extent such approval has not been obtained by the closing date; and (iv) a transitional brand license agreement permitting RWB Florida to continue use of the Company's brand portfolio through December 31, 2026, with royalties payable at five percent (5%) of applicable revenues, subject to a minimum monthly royalty of US$25 thousand. On closing, M&V will assume and fully release all guarantees previously provided by the Company and its affiliates on behalf of RWB Florida, including retail lease guarantees, the surety bond related to the Florida MMTC licence, and all guarantees relating to the Assumed Debt.

Upon closing of the Proposed Transaction, the Company expects to lose control of RWB Florida within the meaning of IFRS 10, Consolidated Financial Statements. On the date which control is lost, the Company will derecognize all assets and liabilities of RWB Florida at their carrying amounts including the Assumed Debt, derecognize any previously recognized non-controlling interests, recognize the fair value of any consideration received (including the present value of brand licence royalties and the release of guarantee obligations), and recognize the resulting gain or loss on disposal in profit or loss. The determination of the date on which control is lost for purposes of IFRS 10 will be contingent on OMMU regulatory approval.

As of the date of publication of this report, the transaction remains subject to regulatory approvals (as a closing condition) and both parties have not agreed on final comprehensive transaction terms to be memorialized in definitive documents.

Management did not consider RWB Florida to have met the criteria for classification as held for sale under IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, as at December 31, 2025, as the requisite management commitment was not demonstrable until execution of the LOI on March 12, 2026.

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, tendered his resignation from the Company's Board of Directors to pursue other business interests.

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.

Subsequent to the reporting period, 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 balance of select RWB Michigan assets, including accounts receivable, notes receivable and fixed assets, for total cash consideration of US$20.4 million. Court approval for the sale was secured by the court-appointed receiver on March 26, 2026. On April 28, 2026, upon expiry of a receiver-mandated clearing period, MPV funded the aforementioned purchase and completed the Michigan restructuring initiative.

On the closing of the second tranche noted above, RWB Michigan will be in a position to exit the state-sponsored receivership. The final court order secured by the appointed receiver confirming the exit of the receivership will confirm the extinguishment of liabilities held by RWB Michigan as of the date of filing of the receivership. As at the date of approval of these consolidated financial statements, although the sale of the assets had been completed, the receivership discharge had not been formally filed by the appointed receiver. The effect of the restructuring on the Company's consolidated financial statements, including the impact of the settlement of RWB Michigan's remaining liabilities realized by virtue of the authority of the court approved receivership, will be reflected in the Company's second quarter interim financial statements.

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 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 consolidated financial statements as at and for the year ended December 31, 2025.

Pharmaco Receivership

Pharmaco, which was acquired by the Company in February 2022 and classified as a disposal group as of December 31, 2024, was placed under receivership in December 2024 following defaults under its senior secured loan agreement with Royal Group Resources Ltd. ("RGR") under the RGR Credit Facility (see *Liquidity and Capital Resources*). On March 5, 2025, the Company's subsidiary, Red White & Bloom Michigan (2024), Inc., was confirmed as the successful bidder for certain assets of Pharmaco at a purchase price of US $8.9 million (C$ 12.7 million), with court approval formally confirmed on March 28, 2025. A Release and Discharge Agreement executed on March 29, 2025, facilitated the settlement of debt obligations, with RGR agreeing to terminate the credit facility and release all security interests in consideration of receiving the aforementioned US $8.9 million (C$ 12.7 million) sale proceeds to be applied against the amounts owing on the RGR Credit Facility, with all excess owing by Pharmaco being discharged and released. The excess, US $6.8 million (C$ 9.8 million), was recorded by the Company as a gain on debt settlement and included in the (gain) loss from discontinued operations (see *Discontinued Operations*). Proceeds owing to RGR were settled by the Company on April 30, 2025. The court order terminating the receivership was filed on July 2, 2025. The final discharge of the receivership is pending execution by RGR as of the date of the publication of these financials.

Advances on existing notes payable

Subsequent to December 31, 2025, the Company received advances of USD $25 million and CAD $1.7 million under the RGR USD Grid Note and the RGR CAD Grid Note, respectively. Proceeds were used to fund the acquisition of select assets of RWB Michigan and the acquisition of Ayurcann Inc. through the investment solicitation process described above, with the balance applied to working capital and general corporate purposes.

Settlement of OPRC Note Receivable

On January 31, 2025, 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 September 2023, the SEC commenced proceedings to de-register the Company's common stock under Section 12(j) due to historical filing deficiencies, resulting in a settlement and trading suspension order effective November 7, 2023, which prohibits U.S. resident shareholders from trading on OTCQX. Following a March 2024 settlement with the Company's former auditors and their subsequent alleged non-compliance with settlement terms, the Company engaged a new audit services provider to complete outstanding audit engagements. As of the report date, audit work is underway with targeted completion, including SEC consent requirements necessary to lift the Section 12(j) order, in early to mid-2026. The Company is concurrently working to reactivate its OTC marketplace listing and, upon resolution of compliance issues, intends to seek cancellation of its SEC registration as the Company does not require it to trade on the OTC given what will be its foreign private issuer status.

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

ACQUISITIONS

Aleafia Acquisition

On January 12, 2024 (the "Acquisition Date"), the Company, through its subsidiary RWB (PV) Canada, Inc., acquired 100% of a newly created class of common shares of Emblem Cannabis Corporation ("ECC"), Canabo Medical Corporation ("CMC"), and Aleafia Retail Inc. ("ARI") (collectively, the "Purchased Entities"). This acquisition (the "Aleafia Acquisition") was executed in connection with proceedings under the Companies' Creditors Arrangement Act (the "CCAA Proceedings") involving Aleafia Health Inc. and certain of its subsidiaries (collectively, the "Aleafia Group"). Upon completion of the Aleafia Acquisition, the Company became the sole shareholder of the Purchased Entities and their respective subsidiaries.

The total consideration for the Aleafia Acquisition was $30.6 million, comprising:

- $24.2 million through the release of debt obligations payable by the Aleafia Group under the AH Note Receivable and the AH DIP Note (refer to *Liquidity and Capital Resources*); and
- $6.4 million in cash consideration, funded through a combination of existing cash reserves held by the Purchased Entities and a drawdown under the Company's CAD RGR Grid Note (refer to *Liquidity and Capital Resources*). These funds were allocated to discharge outstanding obligations under a pre-existing credit agreement and to finance closing costs and post-closing expenses incurred by the Monitor and respective legal counsel.

All identifiable net assets held by the Purchase Entities, including inventory, biological assets, property, plant and equipment, investments, intangible assets and goodwill, have been recorded at their respective fair market values as assessed on Acquisition Date. The purchase price allocation for the Aleafia Acquisition is as follows:

	$
AH DIP Note allocated to purchase of shares	7,241
AH Note Receivable allocated to purchase of shares	16,954
Cash consideration	6,370
Total consideration	**30,565**
Identifiable assets (liabilities) acquired	
Cash and equivalents	1,009
Receivables	2,230
Prepaids and deposits	1,722
Inventory	7,267
Biological assets	692
Land	11,700
Property, plant and equipment	9,686
Right of use assets	36
Intangible assets	4,681
Investments	1,837
Payables	(2,360)
Taxes payable	(72)
Accrued liabilities	(843)
Other payables	(65)
Lease obligations	(41)
Total identifiable net assets	**37,479**
[1]**Excess consideration over net identifiable assets**	**(6,914)**
Total consideration	**30,565**

[1] During the 2024-YE, the Company completed its reassessment of the purchase price allocation related to the Aleafia Transaction. This reassessment resulted in the following adjustments to the fair values of acquired assets:

- An increase of $0.3 million in inventory
- A decrease of $0.4 million in biological assets
- A decrease of $0.6 million in investments

These purchase price allocation adjustments resulted in a corresponding adjustment to the bargain purchase gain initially recorded. The bargain purchase gain decreased from $7.6 million, as previously reported in the Company's interim consolidated financial statements for the three and nine months ended September 30, 2024, to $6.9 million, representing a net reduction of $0.7 million. The reassessment was completed within the measurement period as prescribed under IFRS 3, Business Combinations, and reflects management's refined estimates of the fair values of the acquired assets based on additional information obtained subsequent to the acquisition date.

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

During the 2025-Q4 and 2025-YTD, the Company expensed a nominal amount in acquisition costs relating to the Aleafia Acquisition. Revenue of the Purchased Entities post-acquisition for 2024-Q4 and 2024-YTD, amounted to $5.4 million and $13 million, respectively and net loss totalled $0.06 million and $3.1 million, respectively.

Revenue of the Purchased Entities post-acquisition for 2024-YE amounted to $19.4 million and net income totaled $3.0 million Had the Aleafia Acquisition closed on January 1, 2024, the Company estimates it would have recorded consolidated revenues of $80.7 million and a consolidated net loss of $33.6 million for the year, resulting in an increase in revenue of $0.5 million and an increase in net loss of $0.5 million for the year, including the impact of a bargain purchase amounting to $6.9 million recorded by the Company to gain on investments.

DISCONTINUED OPERATIONS

As a result of Management's assessment of discontinued operations under IFRS 5, as at 2025-YE, the Company had discontinued operations of its wholly owned subsidiaries; Mid-American Growers, Inc, Real World Business Integrations, LLC, Vista Prime Management, LLC, GC Ventures 2, LLC, Vista Prime 3, Inc, Royalty USA Corp, Pharmaco Inc. and RWB Illinois, Inc.

The results of the Company's discontinued operations for 2025-Q4 and 2025-YTD, and 2024-Q4 and 2024-YTD are as follows:

	2025-Q4	2024-Q4	Variance	2025-YTD	2024-YTD	Variance
	$	**$**	**$**	**$**	**$**	**$**
Revenue	-	4,694	(4,694)	-	4,694	(4,694)
Cost of Sales	-	3,786	(3,786)	-	3,786	(3,786)
Gross profit	**-**	**908**	**(908)**	**-**	**908**	**(908)**
Total operating expenses	115	4,045	(3,930)	1,040	7,049	(6,008)
Profit (Loss) from operations	**(115)**	**(3,137)**	**3,022**	**(1,040)**	**(6,141)**	**5,101**
Total other expense (income)	(4,121)	1,196	(5,317)	(23,439)	1,429	(24,868)
Net profit (loss) before taxes from discontinued operations	**4,006**	**(4,333)**	**8,339**	**22,399**	**(7,570)**	**29,969**
Current income tax expense	(221)	(151)	(70)	103	(151)	253
Deferred income tax (recovery) expense	-	(366)	366	498	(366)	864
Net profit (loss) from discontinued operations	**4,227**	**(3,816)**	**8,043**	**21,798**	**(7,054)**	**28,852**
Net profit (loss) per share, basic and diluted on discontinued	**0.01**	**(0.01)**	**0.02**	**0.05**	**(0.02)**	**0.06**

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

CONSOLIDATED FINANCIAL HIGHLIGHTS

The following summarizes results from operations for 2025-Q4 and 2025-YTD, and 2024-Q4 and 2024-YTD:

	2025-Q4	2024-Q4	Variance	2025-YTD	2024-YTD	Variance
	$	$	$	$	$	$
Revenue	12,448	18,669	(6,221)	64,828	80,165	(15,337)
Cost of goods sold, before fair value adjustments	13,824	18,026	(4,202)	44,690	59,856	(15,166)
Gross profit before fair value adjustments	**(1,376)**	**643**	**(2,019)**	**20,138**	**20,308**	**(170)**
Gross profit before fair value adjustments (%)	**-11%**	**3%**	**-14%**	**31%**	**25%**	**6%**
Unrealized changes in fair value of biological assets	4,067	14,216	(10,149)	6,077	14,117	(8,040)
Realized fair value amounts included in inventory sold	4,153	(9,410)	13,563	(3,638)	(5,981)	2,343
Gross Profit after fair value adjustments	**6,844**	**5,449**	**1,395**	**22,577**	**28,444**	**(5,867)**
Gross profit (%) after fair value adjustments	**55%**	**29%**	**26%**	**35%**	**35%**	**-1%**
General and administration	6,537	6,563	(26)	28,004	28,429	(425)
Marketing expenses	1,218	1,286	(68)	5,449	4,831	618
Share-based compensation	22	30	(8)	87	195	(108)
Depreciation and amortization	706	(258)	964	2,636	2,407	229
Bad debt expense	(1,856)	1,459	(3,315)	770	4,538	(3,768)
Total operating expenses	**6,627**	**9,080**	**(2,453)**	**36,946**	**40,400**	**(3,454)**
Loss from operations before other expenses or income	**217**	**(3,631)**	**3,848**	**(14,369)**	**(11,956)**	**(2,413)**
Total other (income) expenses	71,716	(3,958)	75,674	103,229	14,036	89,193
Loss before income taxes	**(71,499)**	**327**	**(71,826)**	**(117,598)**	**(25,992)**	**(91,606)**
Current income tax expense	2,032	(6,171)	8,203	(807)	(2,021)	1,214
Deferred income tax recovery	13,509	348	13,161	14,099	1,968	12,131
Net loss from continuing operations	**(55,958)**	**(5,496)**	**(50,462)**	**(104,306)**	**(26,045)**	**(78,261)**
Profit (loss) from discontinued operations	4,227	(4,724)	8,951	21,798	(7,054)	28,852
Loss for the period	**(51,731)**	**(10,220)**	**(41,511)**	**(82,508)**	**(33,099)**	**(49,409)**
EBITDA	(60,169)	6,414	(66,583)	(56,543)	10,244	(66,787)
Adjusted EBITDA	(4,541)	(4,966)	425	(3,010)	(2,184)	(825)

- Revenues were $12.4 million for 2025-Q4, a $6.1 million decrease from 2024-Q4 revenues of $18.6 million. Revenues were $64.8 million for 2025-YTD, a $15.3 million decrease from 2024-YTD revenues of $80.2 million.
- Gross profit, before fair value adjustments, was a loss of $1.4 million for 2025-Q4, a $2.0 million decrease from 2024-Q4 gross profit before fair value adjustments of $0.6 million. Gross profit, before fair value adjustments, was $20.1 million for 2025-YTD, a $0.2 million decrease from 2024-YTD gross profit before fair value adjustments of $20.3 million.
- Gross profit, after fair value adjustments, was $6.8 million for 2025-Q4, an increase of $1.4 million from 2024-Q4 gross profit after fair value adjustments of $5.4 million. Gross profit, after fair value adjustments, was $22.6 million for 2025-YTD, a decrease of $5.9 million from 2024-YTD gross profit after fair value adjustments of $28.4 million.
- Operating expenses were $6.6 million for 2025-Q4, a decrease of $2.5 million compared to 2024-Q4 operating expenses of $9.1 million. Operating expenses were $36.9 million for 2025-YTD, a decrease of $3.5 million compared to 2024-YTD operating expenses of $40.4 million.
- Adjusted EBITDA loss was $4.5 million for 2025-Q4, an improvement of $0.4 million compared to 2024-Q4 Adjusted EBITDA loss of $5.0 million. Adjusted EBITDA loss was $3.0 million for 2025-YTD, a decline of $0.8 million compared to 2024-YTD Adjusted EBITDA loss of $2.2 million (refer to Adjusted EBITDA).

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

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 own intellectual property associated with the Company's PV and Platinum trademarks and brands, 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 in the above-noted, non-THC inputs as well as branded product offerings within their territory.

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

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

Segmented revenues to gross profit for 2025-Q4 and 2024-Q4, are as follows:

2025-Q4	Corporate	Distribution	Licensing	Retail	Consolidated
	$	**$**	**$**	**$**	**$**
Revenue					
Sales revenue	-	8,359	(410)	4,499	12,448
Cost of goods sold before fair value adjustments	-	6,194	1	7,629	13,824
Gross profit before fair value adjustments	-	2,165	(411)	(3,130)	(1,376)
Unrealized gains (losses) in fair value of biological assets	-	5,823	-	(1,756)	4,067
Realized fair value gains (losses) included in inventory sold	-	4,036	-	117	4,153
Gross profit after fair market value adjustments	0%	12,024	(411)	(4,769)	6,844
% of consolidated revenue	0%	67%	-3%	36%	100%
% of consolidated cost of goods sold before fair value adjustments	0%	45%	0%	55%	100%
Gross profit before fair value adjustments (%)	0%	26%	100%	-70%	-11%
Gross profit after fair value adjustments (%)	-	144%	100%	-106%	55%
2024-Q4	Corporate	Distribution	Licensing	Retail	Consolidated
Revenue					
Sales revenue	-	12,445	1,200	5,024	18,669
Cost of goods sold before fair value adjustments	-	15,423	302	2,301	18,026
Gross profit before fair value adjustments	-	(2,978)	898	2,723	643
Unrealized gains (losses) in fair value of biological assets	-	9,349	-	4,867	14,216
Realized fair value gains (losses) included in inventory sold	-	(2,021)	-	(7,389)	(9,410)
Gross profit after fair market value adjustments	-	4,350	898	201	5,449
% of consolidated revenue	0%	67%	6%	27%	100%
% of consolidated cost of goods sold before fair value adjustments	0%	86%	2%	13%	100%
Gross profit before fair value adjustments (%)	0%	-24%	0%	54%	3%
Gross profit (%)	0%	35%	0%	4%	29%
Variance	Corporate	Distribution	Licensing	Retail	Consolidated
Change in revenue	-	(4,086)	(1,610)	(523)	(6,219)
Change in cost of goods sold before fair value adjustment	-	(9,229)	(301)	5,328	(4,202)
Change in gross profit before fair value adjustment	-	5,143	(1,309)	(5,851)	(2,017)
Change in gross profit after fair market value adjustments	-	7,674	(1,309)	(4,969)	1,396

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

Segmented revenues to gross profit for 2025-YTD and 2024-YTD are as follows:

2025-YE	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
Revenue					
Sales revenue	-	44,107	1,353	19,368	64,828
Cost of goods sold before fair value adjustments	-	28,778	202	15,710	44,690
Gross profit before fair value adjustments	-	15,329	1,151	3,658	20,138
Unrealized gains (losses) in fair value of biological assets	-	4,636	-	1,441	6,077
Realized fair value gains (losses) included in inventory sold	-	324	-	(3,962)	(3,638)
Gross profit after fair market value adjustments	-	20,289	1,151	1,137	22,577
% of consolidated revenue	0%	68%	2%	30%	100%
% of consolidated cost of goods sold before fair value adjustments	0%	64%	0%	35%	100%
Gross profit before fair value adjustments (%)	0%	35%	85%	19%	31%
Gross profit after fair value adjustments (%)	0%	46%	85%	6%	35%
2024-YE	Distribution	Distribution	Licensing	Retail	Consolidated
Revenue					
Sales revenue	-	58,539	4,666	16,960	80,165
Cost of goods sold before fair value adjustments	-	45,015	1,236	13,605	59,856
Gross profit before fair value adjustments	-	13,524	3,430	3,355	20,309
Unrealized gains (losses) in fair value of biological assets	-	11,158	-	2,959	14,117
Realized fair value gains (losses) included in inventory sold	-	(535)	-	(5,446)	(5,981)
Gross profit after fair market value adjustments	-	24,147	3,430	868	28,445
% of consolidated revenue	0%	73%	6%	21%	100%
% of consolidated cost of goods sold before fair value adjustments	0%	75%	2%	23%	100%
Gross profit before fair value adjustments (%)	0%	23%	0%	20%	25%
Gross profit (%)	0%	41%	74%	5%	35%
Variance	Distribution	Distribution	Licensing	Retail	Consolidated
Change in revenue	-	(14,432)	(3,313)	2,408	(15,337)
Change in cost of goods sold before fair value adjustment	-	(16,237)	(1,034)	2,105	(15,166)
Change in gross profit before fair value adjustment	-	1,805	(2,279)	303	(171)
Change in gross profit after fair market value adjustments	-	(3,858)	(2,279)	269	(5,868)

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 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.

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

- **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.

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 2025-Q4

Consolidated revenue for 2025-Q4 was $12.4 million, representing a decrease of $6.2 million compared to $18.6 million for 2024-Q4. 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 impact of the Michigan Restructuring (refer to *Recent Developments),* together with a quarterly contraction in the Licensing segment and a modest decline in Retail.

- ***Distribution revenue for 2025-Q4*** was $8.4 million, representing a decrease of $4.0 million compared to $12.4 million for 2024-Q4. The decline is primarily attributable to continuing challenging market conditions in the state of Michigan and the Michigan Restructuring. The decline was partially offset by contributions from the Company's Canadian distribution operations and California distribution channels.

- ***Licensing revenue for 2025-Q4*** was negative $0.4 million, compared to $1.2 million for 2024-Q4, representing a decrease of $1.6 million. The decrease reflects the conclusion of a licensing arrangement with a third-party distribution partner during the quarter and the related adjustment to previously recognized royalty revenue, positioning the Company to pursue alternative licensing and distribution partnerships better aligned with its long-term commercial objectives.

- ***Retail revenue for 2025-Q4*** was $4.5 million, representing a decrease of $0.5 million compared to $5.0 million for 2024-Q4. The decline primarily reflects the wind-down of the Company's Michigan retail footprint, which contracted from 8 retail stores operating during 2024 to 3 stores in 2025, all of which were progressively closed throughout the year. This was partially offset by the continued positive contribution from the Florida medical market and Canadian medical operations.

Revenue for 2025-YTD

Consolidated revenue for 2025-YTD was $64.8 million compared to $80.2 million for 2024-YTD, representing a decrease of $15.4 million. Performance highlights included continued strength of the Company's Canadian distribution platform, meaningful Retail segment growth, and the successful realignment of the Michigan operations toward higher-margin distribution operations.

- ***Distribution revenue for 2025-YTD*** was $44.1 million compared to $58.5 million for 2024-YTD. The Company's diversified Distribution footprint contributed meaningfully across multiple jurisdictions, with Michigan generating approximately $25.4 million, Canadian operations delivering approximately $16.7 million across both adult-use and international wholesale channels, and California contributing approximately $2.0 million through the Company's strategic partnerships with local contract manufacturers and distributors carrying the Platinum brand portfolio. The variance versus the prior year primarily reflects the Company's deliberate strategic recalibration of its branded-product pricing in Michigan to defend market share during evolving competitive dynamics, paired with an aggressive cost optimization program designed to enhance operating efficiency and position the Company for stronger margin performance going forward. The Company's expanded Canadian distribution platform continues to validate the strategic rationale of the Aleafia Acquisition, providing a meaningful and growing contribution to consolidated results.

- ***Licensing revenue for 2025-YTD*** was $1.4 million compared to $4.7 million for 2024-YTD. The Company continues to maintain its asset-light licensing model in strategic U.S. markets, where third-party producers manufacture and distribute Platinum and PV branded products under defined territorial rights The year-over-year variance primarily reflects the conclusion of a licensing arrangement with a third-party distribution partner and the related adjustment to previously recognized royalty revenue, as the Company strategically refines its licensing partnership structure to pursue opportunities better aligned with its long-term commercial objectives. The Company's Platinum and PV brands continue to be well positioned within the licensing channel, supporting revenue diversification with minimal capital deployment.

- ***Retail revenue for 2025- YTD*** was $19.4 million, representing growth of $2.4 million, or 14%, compared to $17.0 million for 2024-YTD. The growth was driven by contributions across the Company's diversified retail platform, with Florida medical retail contributing approximately $8.1 million through the captive dispensary network and the Canadian medical retail platform contributing approximately $5.8 million across both the Emblem and Canabo Medical patient channels. The Company's Michigan retail operations contributed approximately $5.5 million during the year as the Michigan retail footprint was wound down — declining from 8 retail stores at the start of 2024 to 3 stores in 2025, each of which was progressively closed during the course of the year. The Michigan wind-down enables the Company to focus its Michigan resources on optimizing and expanding its market-leading distribution operations, while continued Retail segment momentum in Canada demonstrates the strength of the Company's direct-to-patient platform.

The Company's diversified operating model continues to demonstrate the strategic value of its multi-jurisdictional, multi-channel platform. The Company's geographic and operational diversification — spanning wholesale distribution across Michigan, California, and Canada; brand licensing in strategic U.S. markets; and direct-to-patient retail channels across Canada, and international wholesale shipments through Europe — provides multiple avenues for growth while reducing dependence on any single market's performance. This portfolio approach positions the Company to capture opportunities across varying regulatory environments and competitive dynamics while continuing to build long-term brand equity in the Platinum, PV, DIVVY, and Emblem product lines.

Gross profit before fair market value adjustments

Consolidated Gross profit before fair market value adjustments for 2025-Q4 was a loss of $1.4 million, compared to a profit of $0.6 million for 2024-Q4. The quarterly variance was driven primarily by the timing of inventory cost flows in the Retail segment and was meaningfully offset by a strong $5.1 million favorable swing in the Distribution segment, where gross profit before fair value adjustments improved to $2.2 million from a loss of $3.0 million in the prior-year quarter.

Consolidated gross profit before fair value adjustments for 2025-YTD was $20.1 million, broadly consistent with $20.3 million for 2024-YTD despite a $15.3 million reduction in consolidated revenue. The Company's ability to maintain gross profit dollars on materially lower revenue translated into a meaningful expansion of consolidated gross profit margin to 31% from 25% in the prior year reflecting the Company's continued execution of systematic margin enhancement programs, brand portfolio synergies, and disciplined cost management. The Distribution segment delivered a $1.8 million year-over-year improvement in gross profit before fair value adjustments, with Distribution gross profit margin expanding to 35% from 23%, demonstrating the structural benefits of the Company's integration of synergies realized through the Company's Canadian platform. The Retail segment also contributed positively with a $0.3 million year-over-year improvement, reflecting continued execution across the Florida and Canadian medical retail channels. Licensing segment performance reflected the natural reconciliation of certain prior-year arrangements as the Company refines its asset-light licensing partnership structure.

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

OPERATING EXPENSES

Operating Expenses for 2025-Q4 and 2024-Q4 are as follows:

2025-Q4	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	**$**	**$**	**$**	**$**	**$**
General and administration	1,244	2,713	25	2,533	22	6,537
Marketing expenses	1	718	91	408	-	1,218
Share-based compensation	22	-	-	-	-	22
Depreciation and amortization	-	29	-	643	33	706
Bad debt expense (recovery)	-	(1,189)	(670)	3	-	(1,856)
Total operating Expenses	1,267	2,271	(554)	3,588	56	6,627
2024-Q4	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
General and administration	1,497	865	39	4,061	100	6,563
Marketing expenses	4	231	103	948	-	1,286
Share-based compensation	30	-	-	-	-	30
Depreciation and amortization	-	(216)	-	(176)	134	(258)
Bad debt expense (recovery)	-	1,524	(94)	29	-	1,459
Total operating expenses	1,532	2,404	47	4,862	234	9,079
Variances	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
Change in General and administration	(253)	1,848	(14)	(1,528)	(78)	(25)
Change in marketing expenses	(3)	487	(11)	(540)	-	(68)
Change in share-based compensation	(8)	-	-	-	-	(8)
Change in depreciation and amortization	-	245	-	820	(100)	965
Change in in bad debt expense	-	(2,712)	(576)	(27)	-	(3,315)
Change in total operating expenses	(265)	(133)	(601)	(1,274)	(178)	(2,452)

Operating Expenses for 2025-YTD and 2024-YTD are as follows:

2025-YTD	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	**$**	**$**	**$**	**$**	**$**
General and administration	4,967	12,179	83	9,689	1,087	28,004
Marketing expenses	7	3,286	473	1,683	-	5,449
Share-based compensation	87	-	-	-	-	87
Depreciation and amortization	-	174	-	2,329	134	2,636
Bad debt expense (recovery)	-	825	(50)	(5)	-	770
Total operating Expenses	5,061	16,463	506	13,697	1,220	36,946
2024-YTD	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
General and administration	6,685	10,158	304	11,135	147	28,429
Marketing expenses	26	2,285	516	2,004	-	4,831
Share-based compensation	195	-	-	-	-	195
Depreciation and amortization	-	142	-	2,132	134	2,407
Bad debt expense	-	4,465	44	29	-	4,538
Total operating expenses	6,905	17,049	864	15,300	281	40,400
Variances	Corporate	Distribution	Licensing	Retail	Other	Consolidated
	$	$	$	$	$	$
Change in General and administration	(1,718)	2,021	(221)	(1,446)	939	(424)
Change in marketing expenses	(19)	1,000	(43)	(321)	-	618
Change in share-based compensation	(108)	-	-	-	-	(108)
Change in depreciation and amortization	-	32	-	197	-	229
Change in in bad debt expense	-	(3,640)	(94)	(34)	-	(3,768)
Change in total operating expenses	(1,844)	(586)	(358)	(1,604)	939	(3,454)

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

Consolidated operating expenses for 2025-Q4 were $6.6 million, representing a decrease of $2.5 million compared to $9.1 million for 2024-Q4. The most significant driver was a $3.3 million favorable variance in bad debt expense, which moved to a net recovery of $1.9 million in 2025-Q4 from a charge of $1.5 million in 2024-Q4, primarily reflecting a $2.7 million favorable variance in the Distribution segment, where the Company actualized bad debt expense and aligned expected credit loss provisions in the Michigan operations, and a $0.6 million favorable variance in the Licensing segment. Marketing expenses decreased modestly on a consolidated basis, with disciplined spend management in the Retail segment partially offset by targeted Distribution segment investment to support brand activation in Canada and Michigan. These savings were partially offset by a $1.0 million increase in depreciation and amortization, primarily within the Retail segment, and a modest increase in general and administrative expenses, where Distribution segment G&A growth associated with the integration of the Canadian platform was substantially offset by reductions in the Retail and Corporate segments reflecting the rationalization of the Michigan retail footprint and ongoing operational efficiency improvements.

Consolidated operating expenses for 2025-YTD were $36.9 million, representing a decrease of $3.5 million compared to $40.4 million for 2024-YTD. The reduction was driven principally by a $3.8 million decrease in bad debt expense, as enhanced credit management policies, improved customer payment patterns, and the actualization and alignment of expected credit loss provisions across the Distribution segment resulted in a materially healthier receivables portfolio. General and administrative expenses decreased by $0.4 million through post-acquisition workforce rationalization, and operational efficiency improvements, with notable reductions in the Corporate and Retail segments partially offset by Distribution segment increases supporting the integration and scaling of the Canadian platform. Share-based compensation declined by $0.1 million reflecting reduced equity grant activity. These savings were partially offset by a $0.6 million increase in marketing expenses to support strategic brand expansion across the Company's operating jurisdictions, and a modest $0.2 million increase in depreciation and amortization within the Retail segment. The $3.5 million net annual expense reduction demonstrates the strength of the Company's systematic cost management, providing meaningful operating leverage that complements the Company's gross profit margin expansion and positions the Company to benefit as revenue stabilizes across its operating markets.

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. 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 2025-Q4 and 2024-Q4, and 2025-YTD 2024-YTD were as follows:

	2025-Q4	2024-Q4	Variance	2025-YTD	2024-YTD	Variance
	$	$	$	$	$	$
Salaries and wages	3,078	1,961	1,117	13,425	14,841	(1,416)
Facilities expense	275	856	(580)	2,224	1,638	586
Professional fees	1,755	1,508	247	6,559	5,841	718
Office and administrative fees	380	196	184	1,869	1,761	109
Travel expense	96	169	(73)	397	521	(124)
Licenses and permits	460	1,519	(1,059)	1,596	1,703	(107)
Insurance	349	633	(284)	1,652	1,895	(244)
Penalty and late fees	144	(279)	423	282	229	53
Total general and administrative expenses	**6,537**	**6,563**	**(25)**	**28,004**	**28,429**	**(424)**

General and Administrative for 2025-Q4

Total G&A expenses for 2025-Q4 were $6.5 million, broadly consistent with $6.6 million for 2024-Q4, demonstrating disciplined cost management across the consolidated platform.

- ***Salaries and wages for 2025-Q4*** amounted to $3.1 million, representing an increase of $1.1 million compared to $2.0 million for 2024-Q4. The increase reflects the timing of compensation accruals.
- ***Facilities expenses for 2025-Q4*** totaled $0.3 million, representing a decrease of $0.6 million compared to $0.9 million for 2024-Q4. The decrease can be attributed to closure of retail stores within the Michigan retail segment.
- ***Professional fees for 2025-Q4*** totaled $1.8 million, representing an increase of $0.2 million compared to $1.5 million for 2024-Q4. The increase reflects ongoing legal, audit, and consulting costs associated with the Company's multi-jurisdictional footprint and corporate restructuring activities.
- ***Office and administrative fees for 2025-Q4*** totaled $0.4 million, representing an increase of $0.2 million compared to $0.2 million for 2024-Q4.
- ***Licenses and permits costs for 2025-Q4*** were $0.5 million, representing a decrease of $1.1 million compared to $1.5 million for 2024-Q4. The reduction reflects the timing of annual license renewals and the absence of certain non-recurring filings recognized in the prior-year period.
- ***Insurance for 2025-Q4*** was $0.3 million, representing a decrease of $0.3 million compared to $0.6 million for 2024-Q4, reflecting renegotiated coverage terms and rationalized policy structures across the consolidated portfolio, along with removal of insurance on certain properties due to disposal of properties.
- ***Penalty and late fees for 2025-Q4*** were $0.1 million, representing an increase of $0.4 million compared to a recovery of $0.3 million for 2024-Q4. The reduction reflects improved compliance and payment timeliness across the organization.

General and Administrative for 2025-YTD

Total G&A expenses for 2025-YTD were $28.0 million, representing a decrease of $0.4 million compared to $28.4 million for 2024-YTD, reflecting the Company's continued focus on cost optimization across the consolidated platform.

- ***Salaries and wages for 2025-YTD*** amounted to $13.4 million, representing a decrease of $1.4 million compared to $14.8 million for 2024-YTD. This reduction reflects the realization of workforce rationalization and optimization initiatives across the Company's U.S. and Canadian operations, while maintaining organizational capability to support the expanded business.
- ***Facilities expenses for 2025-YTD*** totaled $2.2 million, representing an increase of $0.6 million compared to $1.6 million for 2024-YTD, reflecting the full-year impact of the Canadian operating footprint. This category of costs is continually reassessed for attribution to costs of production throughout the fiscal period.
- ***Professional fees for 2025-YTD*** totaled $6.6 million, representing an increase of $0.7 million compared to $5.8 million for 2024-YTD. The increase reflects the impact of both ongoing and non-recurring legal, audit, and consulting costs tied to corporate matters, including the restructuring of the Company's Michigan operations (see *Recent Developments*).
- ***Office and administrative fees for 2025-YTD*** totaled $1.9 million, essentially flat year-over-year when compared to $1.8 million for 2024-YTD.
- ***Licenses and permits costs for 2025-YTD*** were $1.6 million, broadly consistent with $1.7 million for 2024-YTD.
- ***Insurance for 2025-YTD*** was $1.7 million, representing a decrease of $0.2 million compared to $1.9 million for 2024-YTD, reflecting renegotiated coverage terms across the consolidated portfolio, along with removal of certain properties due to disposal.
- ***Penalty and late fees for 2025-YTD*** were $0.3 million, broadly consistent with $0.2 million for 2024-YTD.

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

Bad Debt Expense

Expected credit loss and bad debt expense for 2025-Q4 was a net recovery of $1.9 million, representing a favorable variance of $3.3 million compared to a charge of $1.5 million for 2024-Q4. The favorable quarterly result reflects the alignment and actualization of expected credit loss provisions across the Company's receivables portfolio, with the Distribution segment contributing a $2.7 million favorable variance driven by the actualization of bad debt expense and recalibration of expected credit loss provisions in the Michigan operations, and the Licensing segment contributing a $0.6 million favorable variance.

Expected credit loss and bad debt expense for 2025-YTD was $0.8 million, representing a decrease of $3.8 million compared to $4.5 million for 2024-YTD. The improvement reflects the cumulative impact of enhanced credit management policies, improved customer payment patterns, and the actualization and alignment of expected credit loss provisions across the Distribution segment. The materially healthier composition of the Company's receivables portfolio is also reflected in the year-end balance sheet, with the Company's expected credit loss allowance against trade receivables decreasing to $3.4 million as at December 31, 2025, from $8.3 million as at December 31, 2024, supported by improved aging across the receivables portfolio and continued progress in customer credit screening, collection, and provisioning practices.

For more detail on the Company's expected credit loss provisions, refer to the Company's most recently filed Audited Consolidated Financial Statements for the period ended December 31, 2025, found on SEDAR+.

OTHER EXPENSES (INCOME)

Other expenses (income) for 2025-Q4 and 2024-Q4, and 2025-YTD and 2024-YTD are as follows:

	2025-Q4	2024-Q4	Variance	2025-YTD	2024-YTD	Variance
	$	$	$	$	$	$
Other expense (income)						
Interest earned on promissory notes	(205)	(602)	397	(2,917)	(1,180)	(1,737)
Other income	4,909	(1,968)	6,877	(816)	(1,875)	1,059
Finance expense	5,877	11,019	(5,142)	36,774	39,487	(2,713)
Accreted interest, leases	725	652	73	2,764	2,577	187
Acquisition costs	-	293	(293)	19	468	(449)
Business transaction costs	192	265	(73)	288	422	(134)
(Gain) loss on disposal of assets	160	(629)	789	1,505	(275)	1,780
(Gain) loss on settlement of debt	62	(757)	819	62	(878)	940
Gain on investments	(878)	89	(967)	(539)	(7,556)	7,017
Inventory write-downs	(177)	-	(177)	(3)	-	(3)
Impairment of goodwill	13,220	-	13,220	13,220	-	13,220
Impairment of intangible assets	41,864	-	41,864	41,864	-	41,864
Foreign exchange	5,967	(12,320)	18,287	11,008	(17,154)	28,162
Total other expenses (income)	**71,716**	**(3,958)**	**75,674**	**103,229**	**14,036**	**89,193**

Consolidated other expenses (income) for 2025-Q4 were $71.7 million of net expense, representing an unfavourable change of $75.7 million compared to net income of $4.0 million for 2024-Q4. The change was driven primarily by a $41.9 million impairment in intangibles and a $13.2 million goodwill impairment recognized in the current quarter (no prior period charge), an $18.3 million unfavourable swing in foreign exchange (from a gain of $12.3 million to a loss of $6.0 million), an $0.8 million loss on disposal of assets, and an $0.8 million loss on settlement of debt. These were partially offset by a $5.1 million decrease in finance expense, a $6.9 million favourable swing in other income, a $1.0 million gain on investments, and a $0.4 million favourable change in interest earned on promissory notes.

- ***Interest earned on promissory notes for 2025-Q4*** was income of $0.2 million, representing a decrease of $0.4 million compared to income of $0.6 million for 2024-Q4. The Q4 quarterly result reflects the timing of new note originations during the period and the partial-quarter interest contribution of newly issued notes. Four new notes receivable were originated in 2025-Q4 in connection with the sale of capital assets — the Gratiot Note A ($0.4 million at 7%), the Gratiot Note B ($0.8 million at 7%), the Stateline Note ($1.7 million at 5%), and the Lighthouse Note ($1.0 million at 13%), each contributing only a partial quarter of interest. The Battlecreek Note ($0.3 million, originated September 17, 2025) is non-interest-bearing. The PD Note continued as the principal income generator on a quarterly basis, with OPRC contributing steady accrued interest at 8.00% per annum. (refer to *Liquidity and Capital Resources for more details on Notes Receivable*).

- ***Finance expense for 2025-Q4*** Finance expense for 2025-Q4 was $5.9 million, representing a decrease of $5.1 million compared to $11.0 million for 2024-Q4. The change is driven by:

  - *Interest on notes payable* — Higher quarterly interest expense reflecting the larger notes payable portfolio post-restructuring (closing balance $345.6 million at 2025-Q4 vs $246.6 million at 2024-YE), with the RGR USD Grid Note ($114.5 million) and RGR CAD Grid Note ($71.1 million) being the principal interest-bearing instruments.
  - *Interest on convertible debt* — Lower quarterly run-rate following the February 2025 conversion of the CPIL, DCIL, and SDIL convertible notes into promissory notes, which reduced the convertible debt portfolio from $89.3 million at 2024-YE to $51.0 million at 2025-Q4.
  - *Interest on credit facilities* — Eliminated in 2025 following the resolution of the RGR Credit Facility through the Pharmaco receivership proceedings; 2024-Q4 included quarterly carrying cost on this facility.
  - *Other finance fees* — 2024-Q4 included finance fees that did not recur in 2025-Q4.
  - *Accreted interest on notes payable and convertible debt* — Eliminated in 2025 following the 2024-YE and February 2025 amendments, which restructured the underlying instruments to remove embedded conversion and discount features that previously gave rise to accretion charges.

- ***(Gain) loss on foreign exchange for 2025-Q4*** was a loss of $6.0 million, representing an unfavourable variance of $18.3 million compared to a gain of $12.3 million for 2024-Q4. The result reflects two distinct components: translation of US dollar-denominated external debt obligations and unrealized movements on intercompany balances. Currency movements during the quarter were unfavourable to the Company's substantial USD-denominated debt portfolio — including the RGR USD Grid Note, RGR Note A, and RGR Note C — generating translation losses. Under IAS 21, exchange differences arising on intercompany monetary items between entities with different functional currencies are recognized in profit or loss and are not eliminated on consolidation.

Consolidated other expenses (income) for 2025-YTD were $103.2 million, representing an increase of $89.2 million compared to $14.0 million for 2024-YTD. The increase was driven principally by $55.1 million of non-cash impairments recognized in 2025 ($41.9 million on intangible assets and $13.2 million on goodwill, with no comparable charges in 2024), a $28.2 million unfavourable change in foreign exchange (from a gain of $17.2 million to a loss of $11.0 million), a $7.0 million unfavourable change in gain on investments, and a $1.8 million unfavourable change in disposal of assets. These were partially offset by a $2.7 million decrease in finance expense, a $1.7 million increase in interest earned on promissory notes, and a $0.9 million favourable change in settlement of debt.

- ***Interest earned on promissory notes for 2025-YTD*** was income of $2.9 million, representing an increase of $1.7 million compared to income of $1.2 million for 2024-YTD. The increase reflects the substantial expansion of the notes receivable portfolio, which grew from $15.8 million at 2024-YE to $37.4 million at 2025-Q4 — an increase of $21.6 million — through $25.3 million of advances, partially offset by $5.4 million of principal repayments and $0.9 million of unfavourable FX translation.

- ***Finance expense*** for 2025-YTD was $36.8 million, representing a decrease of $2.7 million compared to $39.5 million for 2024-YTD.

  - *Interest on notes payable* ($11.4 million increase) - The increase reflects the expanded notes payable portfolio following the February 2025 debt restructuring, which converted $41.3 million of CPIL, DCIL, and SDIL convertible notes into promissory notes and added $39.9 million in new advances. The RGR USD Grid Note grew from $75.9 million to $114.5 million through $33.4 million of in-year advances, and the RGR CAD Grid Note grew from $56.9 million to $71.1 million through $6.5 million of in-year advances. The notes payable portfolio bears interest at 12% per annum, with interest accruing to maturity on most instruments.
  - *Interest on convertible debt* ($1.8 million decrease) - The decrease reflects the reduced convertible debt portfolio following the February 2025 conversion of CPIL, DCIL, and SDIL convertible notes into promissory notes (closing convertible balance of $51.6 million at 2025-Q4, down from $89.3 million at 2024-YE). Remaining convertible instruments (AB, FCC, IBGL, VMOS, MV) bear interest at 12% per annum.
  - *Interest on credit facilities* ($1.1 million decrease) - Fully eliminated in 2025 following the resolution of the RGR Credit Facility through Pharmaco receivership proceedings.
  - *Other finance fees* ($3.1 million decrease) - The 2024-YTD figure included $3.1 million of one-time finance fees related to debt amendments executed in that year; comparable activity did not recur in 2025.
  - *Accreted interest on notes payable and convertible debt* ($2.9 million decrease combined) - The 2024-YTD comparable included $0.2 million of accreted interest on notes payable and $2.6 million of accreted interest on convertible debt arising from discount unwinds on instruments amended during 2024. Following the 2024-YE and February 2025 amendments, all underlying instruments have been restructured to remove discount features that previously gave rise to accretion.
  - *(Gain) on loan forgiveness* ($5.8 million decrease) - As part of the February 2025 debt restructuring, certain related party lenders forgave an aggregate of $5.8 million in accrued interest on the Matured Debt
  - *Loss on valuation of financial instruments and loss on debt extinguishment* ($0.5 million increase combined) - The 2024-YTD comparable included a $0.7 million gain on valuation and a $0.2 million loss on extinguishment, neither of which recurred in 2025.

- ***(Gain) loss on foreign exchange for 2025-YTD*** was a loss of $11.0 million, representing an unfavourable variance of $28.2 million compared to a gain of $17.2 million for 2024-YTD. The result comprises two distinct components: (i) translation of US dollar-denominated external debt and (ii) unrealized movements on intercompany monetary items between entities with different functional currencies. The Company's USD-denominated debt portfolio — anchored by the RGR USD Grid Note ($114.5 million), RGR Note A ($51.1 million), and RGR Note C ($36.1 million) - generated $7.9 million of translation losses during 2025-YTD ($6.4 million on notes payable and $1.5 million on convertible debt). Under IAS 21, these exchange differences are recognized in profit or loss and are not eliminated on consolidation, as they represent genuine economic exposure to foreign currency fluctuations across the Company's multi-jurisdictional structure.

- ***Other Material Items — 2025-YTD***

  - Impairment of intangible assets ($41.9 million unfavourable) Recognized in 2025 with no comparable charge in 2024.
  - Impairment of goodwill ($13.2 million unfavourable) - Full write-down of goodwill recognized in 2025 with no comparable charge in 2024.
  - Gain on investments ($7.0 million unfavourable) - The 2024-YTD comparable included a $7.6 million gain on investments that did not recur in 2025.
  - (Gain) loss on disposal of assets ($1.8 million unfavourable) - 2025-YTD included a $1.5 million loss on disposal compared with a $0.3 million gain in 2024-YTD.

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

ADJUSTED EBITDA

Below is a reconciliation net loss and Adjusted EBITDA for 2025-Q4 and 2024-Q4, and 2025-YTD and 2024-YTD:

	2025-Q4	2024-Q4	Variance	2025-YTD	2024-YTD	Variance
	$	$	$	$	$	$
Net Income (Loss) for the Period	(51,731)	(10,220)	(41,511)	(82,508)	(33,099)	(49,409)
Depreciation and amortization	706	(258)	964	2,636	2,407	229
Interest earned on promissory notes	(205)	(602)	397	(2,917)	(1,180)	(1,737)
Accreted interest, leases	725	652	73	2,764	2,577	187
Current income tax expense/(recovery)	(2,032)	6,171	(8,203)	807	2,021	(1,214)
Deferred income tax expense/(recovery)	(13,509)	(348)	(13,161)	(14,099)	(1,968)	(12,131)
Finance expenses	5,877	11,019	(5,142)	36,774	39,487	(2,713)
Bad debt expense	(1,856)	1,459	(3,315)	770	4,538	(3,768)
Acquisition costs	-	293	(293)	19	468	(449)
Business transaction costs	192	265	(73)	288	422	(134)
(Gain) Loss on disposal of assets	160	(629)	789	1,505	(275)	1,780
Foreign exchange	5,967	(12,320)	18,287	11,008	(17,154)	28,162
Unrealized changes in fair value of biological assets	(4,067)	(14,216)	10,149	(6,077)	(14,117)	8,040
Realized fair value amounts included in inventory sold	(4,153)	9,410	(13,563)	3,638	5,981	(2,343)
Gain on investment	(878)	89	(967)	(539)	(7,556)	7,017
Other expenses (income)	4,909	(1,968)	6,877	(816)	(1,875)	1,059
Share based compensation	22	30	(8)	87	195	(108)
(Gain) or loss on settlement of debt	62	(757)	819	62	(878)	940
Inventory write-downs	(177)	-	(177)	(3)	-	(3)
Impairment of goodwill	13,220	-	13,220	13,220	-	13,220
Impairment of intangible assets	41,864	-	41,864	41,864	-	41,864
Nonrecurring expenses	4,590	2,240	2,350	10,305	10,767	(462)
(Gain) loss on discontinued operations	(4,227)	4,724	(8,951)	(21,798)	7,054	(28,852)
Adjusted EBITDA	**(4,541)**	**(4,966)**	**425**	**(3,010)**	**(2,184)**	**(825)**

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.

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

STATEMENT OF FINANCIAL POSITION

Assets

As at 2025-YE, and 2024-YE, the Company held the following assets:

As at	2025-YE	2024-YE	Variance
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	4,567	7,285	(2,718)
Accounts receivable	8,317	16,112	(7,795)
Short-term notes receivable	31,659	11,397	20,262
Prepaid expenses	1,051	1,993	(942)
Deposits	7,605	11,186	(3,581)
Inventory	43,438	47,556	(4,118)
Biological assets	1,165	1,728	(563)
Assets held for sale	6,202	13,192	(6,990)
Other assets	296	913	(617)
Total current assets	**104,300**	**111,362**	**(7,062)**
Non-current assets			
Property, plant and equipment, net	40,894	43,644	(2,750)
Intangible assets, net	54,657	100,709	(46,052)
Right-of-use assets, net	17,749	17,976	(227)
Long-term notes receivable	5,789	4,439	1,350
Other non-current assets	-	-	-
Investments	3,357	2,479	878
Goodwill	-	13,782	(13,782)
Total non-current assets	**122,446**	**183,029**	**(60,583)**
Total assets	**226,746**	**294,391**	**(67,645)**

Total assets decreased to $226.7 million at 2025-YE, compared to $294.4 million at 2024-YE, representing a $67.6 million decrease. This overall asset reduction was primarily driven by the impairment of goodwill and intangible assets allocated to the Company's Florida CGU and the impairment of the Platinum Vape brand intangible asset (refer to *Recent Developments* and Notes 16 and 19 to the Audited Consolidated Financial Statements), together with reductions in accounts receivable, deposits, inventory, and assets held for sale, partially offset by significant growth in the Company's notes receivable portfolio as discussed below.

- ***Cash and equivalents as at 2025-YE*** were $4.6 million, representing a decrease of $2.7 million compared to $7.3 million at 2024-YE, reflecting the deployment of working capital to support the Company's continuing operations and strategic initiatives during the period.
- ***Accounts receivable as at 2025-YE*** were $8.3 million, representing a decrease of $7.8 million compared to $16.1 million at 2024-YE. The reduction reflects $6.0 million of actualized bad debt expense recognized during the period, partially offset by $5.2 million of unrealized expected credit loss recoveries as the Company's enhanced credit management policies, improved customer payment patterns, and disciplined provisioning practices drove a materially healthier composition of the Company's receivables portfolio. The expected credit loss allowance against trade receivables decreased to $3.4 million from $8.3 million as at December 31, 2024, supported by improved aging across the receivables portfolio (refer to Note 8 of the Audited Consolidated Financial Statements).

- ***Notes receivable (current and long-term)*** as at 2025-YE as at 2025-YE were $37.4 million, representing a net increase of $21.6 million compared to $15.8 million at 2024-YE. This growth was driven by new advances during the period, including $16.9 million advanced on the PD Note to facilitate an arm's-length crop commitment that will reduce the cost of cannabis biomass inputs for the Company's wholesale and finished goods sold in Michigan; $0.5 million advanced on the KMI Note to secure timely and preferential contract manufacturing and distribution services; the Lighthouse Note of $1.0 million advanced to support strategic working capital arrangements; and the Battlecreek, Gratiot A, Gratiot B, and Stateline Notes ($3.2 million in aggregate) initiated through arm's-length sales of capital assets, including real property, in Michigan. These additions were partially offset by principal and interest activity across the broader notes receivable portfolio (refer to *Liquidity and Capital Resources*).
- ***Prepaids and deposits as at 2025-YE*** at 2025-YE were $8.7 million, representing a decrease of $4.5 million compared to $13.2 million at 2024-YE. The reduction was driven primarily by the application of vendor deposits placed under crop commitments with independent licensed producers (which decreased to $7.1 million from $10.2 million) as cannabis biomass deliveries meeting the Company's specified cannabinoid profile, terpene composition, and quality standards were received and converted to inventory during the period, with both remaining material crop commitment deposits — totaling $1.2 million and $2.9 million respectively — remaining active as the Company continues to work collaboratively with its vendors to realize on these commitments. The reduction also reflects the consumption of prepaid operating licenses ($1.0 million decrease, to $0.7 million from $1.7 million) as cannabis cultivation, processing, distribution, and retail licenses across the Company's U.S. and Canadian operating subsidiaries were amortized into operating expenses over the period.
- ***Inventory as at 2025-YE*** as at 2025-YE was $43.4 million, representing a decrease of $4.1 million compared to $47.6 million at 2024-YE. The contraction reflects continued execution of the Company's inventory rationalization initiatives and disciplined working capital management across the Distribution and Pharmaco retail network (see *Recent Developments*).
- ***Assets held for sale*** as at 2025-YE were $6.2 million, representing a decrease of $7.0 million compared to $13.2 million at 2024-YE. The decrease is largely the result of the disposal of certain capital assets, including real property in Michigan, with consideration received in part through notes receivable as discussed above (refer to *Liquidity and Capital Resources*).
- ***Property, plant and equipment as at 2025-YE*** as at 2025-YE was $40.9 million, representing a decrease of $2.8 million compared to $43.6 million at 2024-YE. The reduction reflects systematic depreciation charges, asset disposals associated with the Company's Michigan capital asset realization activities, and foreign exchange translation impacts arising from the strengthening of the Canadian dollar against the U.S. dollar during the period.
- ***Intangible assets as at 2025-YE*** as at 2025-YE were $54.7 million, representing a decrease of $46.1 million compared to $100.7 million at 2024-YE. The decrease reflects the recognition of impairment charges totaling $41.9 million during the year, comprising a $14.7 million impairment of the Platinum Vape brand intangible asset (with the recoverable amount determined under the value-in-use approach using the relief-from-royalty method) and a $27.2 million impairment of the Florida cannabis licenses allocated to the Florida CGU.. The remaining $4.2 million decrease is attributable to foreign exchange translation adjustments applied to the Company's U.S. dollar-denominated brand and license intangible assets during the period (refer to Note 16 of the Audited Consolidated Financial Statements) .
- ***Goodwill as at 2025-YE*** was $nil, representing a decrease of $13.8 million compared to $13.8 million at 2024-YE. The decrease reflects the recognition of a $13.2 million impairment charge against the goodwill allocated to the Florida CGU, in accordance with IAS 36's requirement to allocate impairment losses first to goodwill before pro-rata allocation to other assets within the CGU, with the remaining $0.6 million reflecting foreign exchange translation movements (refer to Note 19 of the Audited Consolidated Financial Statements).
- ***Investments as at 2025-YE*** were $3.4 million, representing an increase of $0.9 million compared to $2.5 million at 2024-YE. The increase reflects the recognition of an $0.9 million fair value gain on the Company's 8.94% minority equity interest in One Plant (Retail) Corp. ("OPRC"), a privately held Canadian corporation operating a network of licensed cannabis retail locations across Canada, with the fair value gain reflecting OPRC's most recent financial performance and comparable transaction multiples within the Canadian cannabis retail sector under a Level 3 valuation approach. The Company maintained its 8.94% ownership interest throughout the year. The fair value gain on the OPRC investment was offset within the Company's continuing operations by the

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

dissolution of the Company's wholly-owned subsidiary Vista Prime 3, Inc., completed during the period, which gave rise to a loss on dissolution at the Vista Prime 3 in discontinued operations, and a corresponding loss on investment recognized by the Company's wholly-owned subsidiary RWB Platinum Vape, Inc., a continuing operation and, the holder of the equity interest extinguished upon dissolution.

- ***Right-of-use assets as at 2025-YE*** as at 2025-YE were $17.7 million, representing a marginal increase of $0.3 million compared to $18.0 million at 2024-YE.

Liabilities

A summary of the Company's liabilities as at 2025-YTD and as at 2024-YE is as follows:

As at	2025-YE	2024-YE	Variance
	$	$	$
Current liabilities			
Accounts payable and accrued liabilities	16,199	24,074	(7,875)
Short-term notes payable	39,365	207,419	(168,054)
Short-term convertible notes	51,572	45,187	6,385
Short-term lease obligations	955	701	254
Income taxes payable	13,564	18,313	(4,749)
Liabilities held for sale	11,538	46,199	(34,661)
Other current liabilities	**762**	**1,140**	**(378)**
Total current liabilities	**133,955**	**343,033**	**(209,078)**
Non-current liabilities			
Long-term notes payable	306,240	39,157	267,083
Long-term convertible notes	-	44,071	(44,071)
Long-term lease obligations	22,553	22,028	525
Deferred tax liability	4,842	19,009	(14,167)
Other non-current liabilities	124	122	2
Total non-current liabilities	**333,759**	**124,387**	**209,372**
Total liabilities	**467,714**	**467,420**	**294**

Total liabilities at 2025-YTD were $467.7 million, broadly consistent with $467.4 million at 2024-YE, representing a modest increase of $11.8 million. While the headline year-over-year movement was minimal, the composition of the Company's liability profile improved meaningfully during the year, with current liabilities decreasing by $208.8 million as the result of the Company's successful debt restructuring activities executed in 2025-Q1 and the favorable resolution of the Pharmaco receivership proceedings, materially extending the maturity profile of the Company's obligations and improving its near-term liquidity position.

- ***Accounts payable and accrued liabilities as at 2025-YTD*** as at 2025-Q4 were $16.2 million, representing a decrease of $7.9 million compared to $24.1 million at 2024-YE. The reduction reflects the Company's continued vendor payment discipline, the strategic rationalization of the Company's Michigan retail operations (refer to Recent Developments), and the settlement of legacy trade payables, partially offset by modest increases in sales tax and customer deposit balances.

- ***Liabilities held for sale as at 2025-YTD*** were $11.5 million, representing a decrease of $31.7 million compared to $46.2 million at 2024-YE. This decrease resulted from the impact of court-sanctioned debt relief upon the completion of the Pharmaco receivership proceedings in 2025-Q2. The Company settled the RGR Credit Facility obligations, consisting of $12.7 million in cash payments and $9.8 million in debt forgiveness under a Release and Discharge Agreement, with the latter recorded as a gain in discontinued operations (refer to *Recent Developments*). An additional $9.8 million in trade payables and sales tax liabilities were extinguished upon the formal closing of the receivership. These reductions were partially offset by $0.6 million in other working capital changes.

- ***Short-term and long-term notes payable as at 2025-YTD*** were $345.6 million, representing a net increase of $99.0 million compared to $246.6 million at 2024-YE. The composition of the Company's notes payable portfolio shifted meaningfully during the period, with short-term notes payable decreasing by $168.1 million (from $207.4 million to $39.4 million) and long-term notes payable increasing by $267.1 million (from $39.2 million to $306.2 million), reflecting the successful execution of the Company's comprehensive debt restructuring activities completed in 2025-Q1, under which extended maturities and revised payment terms were negotiated with the Company's principal lenders, materially improving the Company's near-term liquidity profile. The remaining net increase reflects interest accruals across the debt portfolio during the period (refer to *Liquidity and Capital Resources* for the February 1, 2025, debt restructure and debt continuity schedule).
- ***Short-term and long-term convertible debt as at 2025-YTD*** as at 2025-Q4 were $51.6 million, representing a net decrease of $37.7 million compared to $89.3 million at 2024-YE. The reduction reflects the impact of the Company's 2025-Q1 debt restructuring activities, under which a portion of the Company's convertible note portfolio was extinguished or restructured, partially offset by interest accruals across the remaining convertible note portfolio during the period. The full balance is presented as a current obligation as at 2025-YE as the maturity dates of the underlying instruments fall within the next twelve months (refer to *Liquidity and Capital Resources*).

Shareholders' Equity

As at 2025-YTD, total shareholders' equity reflected a deficit of $241.0 million, compared to a deficit of $173.0 million as at 2024-YE. It is important to contextualize this deficit that includes the cumulative impact of non-cash intangible and goodwill impairment charges totaling $385.0 million realized in fiscal years 2021 through 2025, including the $55.1 million of impairment charges recognized during 2025 in respect of the Platinum Vape brand intangible asset and the goodwill and licenses allocated to the Florida CGU (refer to Notes 16 and 19 of the Audited Consolidated Financial Statements). These cumulative non-cash adjustments, while affecting reported equity, do not impact the Company's ongoing cash generation capability or the underlying operational strength of the Company's branded portfolio and multi-jurisdictional platform. The year-over-year movement was primarily driven by a $68.3 million increase in accumulated deficit (from a deficit of $511.1 million to a deficit of $579.5 million), reflecting the period's net loss, and a $14.1 million reduction in non-controlling interest (from $0.6 million to a deficit of $13.6 million) reflecting losses attributable to minority shareholders. These movements were partially offset by a $14.5 million favorable change in cumulative translation adjustments (from a deficit of $21.9 million to a deficit of $7.3 million), reflecting the strengthening of the Canadian dollar against the U.S. dollar during the period and the corresponding favorable translation of the Company's U.S.-dollar-denominated net assets. Contributed surplus increased modestly by $0.1 million as a result of share-based compensation activity, while share capital remained essentially unchanged at $342.1 million during the period, reflecting the Company's disciplined approach to preserving shareholder ownership stakes without resorting to dilutive equity issuances during a period of strategic recalibration.

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.

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

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
	$	$	$	$	$	$
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	16,405	8,702	7,703	2,966	(19,601)	(0.05)
31-Mar-25	19,192	11,889	7,303	4,280	6,644	(0.02)
31-Dec-24	18,669	18,026	643	5,449	(10,220)	(0.01)
30-Sep-24	21,290	14,413	6,877	10,157	(2,883)	(0.01)
30-Jun-24	20,757	14,808	5,949	9,998	(10,650)	(0.02)
31-Mar-24	19,534	12,695	6,839	2,841	(6,092)	(0.01)

SUMMARY OF OUTSTANDING SHARE DATA

As at 2025-YE, the authorized shares were as follows:

- Unlimited number of common shares without par value with special rights and restrictions.
- An unlimited number of preferred shares without par value with special rights and restrictions, which are non-voting except in specific circumstances related to dividend defaults.

Issued and Outstanding

Changes in share capital for the period ended 2025-YTD, and 2024-YTD, and the balances outstanding is as follows:

	Common Shares	Share Capital
	#	$
Balance, 2024-YE	**470,221,901**	**342,111**
Issuance of shares for settlement agreement	375,000	13
Balance, 2025-YE	**470,596,901**	**342,124**

Share Capital transactions the during 2025-YTD

On June 10, 2025, in connection with a settlement agreement and mutual release of all claims arising from an independent contractor agreement, the Company issued 375,000 common shares at a deemed price of $0.035 per share, for total deemed consideration of $13 thousand, as partial consideration for the settlement of outstanding obligations owed to a former independent contractor.

Share Capital transactions the during the 2024-YTD:

On June 14, 2024, all authorized Series 1 Convertible Preferred shares and Series II Convertible Preferred shares outstanding, of which none were allotted or issued, were eliminated by approved resolution. On the same date, the Company authorized a new class of preferred shares (the "Preferred Shares"). The Preferred Shares are unlimited, issuable in series, without par value, and have special rights and restrictions, under directors' discretion, which impact (1) dividend entitlements, (2) redemption terms and (3) conversion rights provided that no other preferred shares are issued and outstanding. In the event of liquidation, Preferred shareholders have priority in receiving paid-in capital plus any accrued dividends before any distribution to common shareholders. The Preferred shareholders do not have voting rights or the right to attend general meetings, except in specific circumstances related to dividend defaults.

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

On June 14, 2024, the common shares were concurrently amended to include the following special rights and restrictions: in the event of the Company's liquidation or dissolution, common shareholders are entitled to share in the remaining assets of the Company after the claims of the Preferred shareholders and any other classes with priority have been satisfied.

Stock Options

The Company established a 20% rolling stock option plan (the "Option Plan") to provide the Company with a share-related mechanism to attract, retain and motivate directors, employees, and consultants, to reward such persons with the grant of options under the Option Plan from time to time for their contributions toward the long-term goals of the Company and to enable and encourage such persons to acquire shares as long-term investments.

Under the Option Plan, the Board of Directors may from time to time, in its discretion, grant stock options to directors, officers, employees and consultants of the Company. Pursuant to the Option Plan, the Company may issue options for such period and exercise price as may be determined by the Board of Directors, and in any case not exceeding ten (10) years from the date of grant. The minimum exercise price of an option granted under the Option Plan must not be less than the closing price of the common shares on the date preceding the option grant date.

In any 12-month period, and in relation to the number of issued and outstanding common shares of the Company, the total number of options awarded cannot exceed:

- 5% to any one individual as at the grant date
- 2% to any one Consultant as of the grant date
- 2% to employees performing investor relations activities for the Company

The Company uses the Black-Scholes model to establish the fair value of the options on the date of grant by applying the assumptions below. The fair value of the option is expensed over the option's vesting period.

The following assumptions were used by the Company to value the stock options outstanding as at 2025-YTD:

Grant Date	Vesting Start Date	Expiry Date	Share price on Date of Grant	Exercise Price	Volatility	Risk Free Rate	Dividends
			$	$	%	%	$
12-Nov-21	21-Nov-21	26-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	22-Jan-22	26-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	8-Nov-21	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	1-Jul-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	20-Sep-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	4-Oct-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.14	94.35%	3.98%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.20	94.35%	3.98%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.50	94.35%	3.98%	$nil
15-Mar-23	15-Mar-24	15-Mar-33	0.10	0.10	94.35%	3.98%	$nil
3-Oct-24	3-Oct-25	3-Oct-29	0.07	0.10	150.63%	3.28%	$nil

Volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on the rate prescribed for Canada government bonds as of the date of the Financial Statements with a remaining term equal to the expected life of the options.

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

The number of stock options and weighted average exercise prices as at 2025-YE, and 2024-YE, are as follows:

	Options	Weighted average exercise price
	#	$
Balance Outstanding, January 1, 2024	**16,960,931**	**0.95**
Issued	1,925,000	0.10
Expired	(3,197,002)	2.07
Forfeited	(102,500)	0.68
Balance Outstanding, December 31, 2024	**15,586,429**	**0.80**
Expired	(4,986,429)	0.71
Balance Outstanding, December 31, 2025	10,600,000	0.16
Exercisable		
Exercisable as at December 31, 2025	9,220,836	0.16
Exercisable as at December 31, 2024	12,828,097	0.38

Stock Options are measured at fair value at the date of grant and are expensed to share based compensation over the option's vesting period. For the 2025-Q4 and 2025-YTD, the Company had share-based compensation expenses relating to stock options amounting to $0.02 million and $0.09 million respectively (2024; $0.03 million and $0.2 million, respectively).

The following reflects remaining contractual life for outstanding and exercisable options as at 2025-YE:

Outstanding				Exercisable	
Expiry date	Exercise price	Options	Remaining contractual life	Options	Remaining contractual life
	$	#	**(years)**	#	**(years)**
12-Nov-26	0.63	400,000	0.87	400,000	0.87
26-Nov-26	0.63	75,000	0.90	75,000	0.90
7-Oct-27	0.14	6,500,000	1.77	6,500,000	1.77
7-Oct-27	0.20	200,000	1.77	200,000	1.77
7-Oct-27	0.50	250,000	1.77	250,000	1.77
03-Oct-29	0.10	1,925,000	3.76	962,500	3.76
15-Mar-33	0.10	1,250,000	7.21	833,336	7.21
Total		**10,600,000**	**2.73**	**9,220,836**	**2.42**

EARNINGS (LOSS) PER SHARE

Earnings/loss per share for 2025-Q4 and 2025-YTD, and 2024-Q4 and 2024-YTD is as follows:

	3 months ended 2025-Q4	3 months ended 2024-Q4	12 months ended 2025-YTD	12 months ended 2024-YTD
Net loss attributable to:				
Shareholders on continuing operations	(46,264)	(2,300)	(90,172)	(19,162)
Shareholders on discontinued operations	4,227	(4,724)	21,798	(7,054)
Non-controlling interests	(9,694)	(3,196)	(14,134)	(6,883)
Net loss and comprehensive loss attributable to:				
Shareholders	(46,399)	9,330	(53,905)	(51,075)
Non-controlling interests	(9,694)	(3,196)	(14,134)	(6,883)
Earnings (loss) per share, basic and diluted				
Net loss per share - continuing operations	(0.10)	(0.00)	(0.19)	(0.04)
Net loss per share - discontinued operations	0.01	(0.01)	0.05	(0.02)
Weighted average no. of outstanding common shares, basic and diluted	**470,246,559**	**470,221,901**	**470,246,559**	**470,221,901**

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

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

Related Party Transactions

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 for the 2025-Q4 and 2025-YTD, and 2024-Q4 and 2024-YTD, is as follows:

	2025-YTD	2024-YTD
	$	$
Management salaries, bonuses, and other benefits	752	1,062
Consulting fees by a company controlled by a director of the company	60	20
Share-based payments – officers	17	40
Share-based payments – directors	-	66
Total	**829**	**1,188**

Amounts due to/from Related parties

- Included in accounts payable and accrued liabilities as at 2025-YE is $1.4 million in management salaries, bonuses, and other benefits to be paid out in future periods (2024-YE; $1.1 million)
- The CPIL Convertible Note represented an obligation to an entity affiliated with the Company's President. This note was originally issued with a two-year term, scheduled to mature on September 15, 2024, bearing interest at 8% per annum. Upon initial recognition, the Company valued the CPIL Convertible Note using the residual method, allocating $14.8 million to long-term convertible debt liability and $2.1 million to convertible debt reserve. The liability portion amortized over the two-year loan term at an effective interest rate of 16.43%. At maturity, due to the expiry of the embedded conversion rights, the Company transferred the convertible debt reserve to contributed surplus. On February 1, 2025, the Company and the noteholder renegotiated the terms of the instrument, transforming the CPIL Convertible Note into a note payable (the "CPIL Note"). For complete details regarding outstanding amounts and terms of the CPIL Convertible Note. For complete details regarding outstanding amounts and terms, the reader is referred to *Liquidity and Capital Resources*.
- The VMOS Convertible Note represents an obligation to an entity affiliated with a member of the Company's Board of Directors. Originally scheduled to mature on April 22, 2024, the note was formally amended on December 31, 2024, with the amendment retroactively effective as of June 4, 2024. The amendment extended the maturity date to November 30, 2026, deferred the payment of interest and principal to the next maturity date, and increased the annual interest rate from 8% to 12%. Upon amendment, the Company reassessed the note's value using the Binomial lattice method based on the Cox-Ross-Rubinstein market model, resulting in no derivative liability. For complete details regarding outstanding amounts and terms of the VMOS Convertible Note, the reader is referred to *Liquidity and Capital Resources*.
- The Company has 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. During the period, the Company successfully concluded negotiations with various lenders, including related party lenders, to renew multiple previously issued notes payable and convertible debentures that had matured during the fiscal year ended December 31, 2024 (the "Matured Debt"). Originally scheduled to mature on September 12, 2024, the Matured Debt was formally amended on February 1, 2025, with the amendments effective as of September 15, 2024. The renewed debt includes revised terms that align with the Company's growth strategy, allowing management to maintain adequate cash flow while continuing to pursue strategic expansion initiatives in active markets in Canada and the United States. Refer to *Liquidity and Capital Resources* for details notes payable due by the Company to lenders deemed to be related parties.

Related Party Transactions

- Officers and Directors of the Company held an aggregate of 37,220 common shares and 4,450 stock options (37,220 and 6,450, respectively). As at December 31, 2025, 4,033 of these stock options are fully vested (2024; 5,167).
- 2,000 stock options held by Directors of the Company expired (2024; 22).
- The Company expensed $17 in stock-based compensation related to stock options held by directors and officers (2024; $107).
- The Company paid directors fees to two members of the board of directors amounting to $60.
- The Company's note payable, the "ELL Note," is supported by a guarantee provided by DICL, a related party lender, which was subject to a fee payable to DICL by the Company. The fee was calculated based on a percentage of the principal of the ELL Note as is standard practice within capital markets.
- On January 1, 2024, the Company executed the RGR Grid Note Amendments.
- On February 1, 2025, the Company renewed related party Matured Debt.

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

On April 1, 2025, RWB Michigan, LLC ("RWBM") was served a summons by Skybar Vapor, LLC ("Skybar"), an entity representing a former vendor of RWBM. The summons addresses a contractual dispute, raised by Skybar, between RWBM and Skybar relating to the supply of raw materials to RWBM by Skybar. The summons details damages in excess of $1 million being sought by Skybar regarding the contractual dispute. On September 11, 2025, RWBM agreed to damages of US$100 to fully resolve all issues between itself and Skybar. As a result of the mutual settlement, Skybar filed a dismissal of its case against RWBM with the Oakland Country Circuit Court on September 12, 2025.

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

In the normal course of business, the Company is involved in various legal proceedings, the outcomes of which cannot be determined at this time, and, accordingly, no provision has been recorded in these 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's consultation with legal counsel, the ultimate outcome of any such matters will not have a material adverse effect on the Company. Accordingly, no provision has been made in 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 any and all material liabilities that may arise.

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

LIQUIDITY AND CAPITAL RESOURCES

Going Concern

The Company’s Audited Consolidated Financial Statements for the year ended December 31, 2025 (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, and Management's continued focus on revenue growth, cost discipline, cash flow improvement, and access to debt and capital market resources.

The 2025 fiscal year represented a transformational period for the Company, with several foundational initiatives delivering measurable improvements to the Company's financial position. As at 2025-YE, the Company's working capital deficit improved to $29.7 million from $231.7 million at 2024-YE — a $202.0 million improvement — primarily driven by the debt restructuring activities executed in 2025-Q1 and the favorable resolution of the Pharmaco receivership proceedings completed in 2025-Q2. Through the 2025-Q1 debt restructuring, the Company successfully negotiated extended maturity terms across substantially all of its principal debt obligations, resulting in a reduction of total current liabilities from $343.0 million to $134.0 million, providing the Company with materially enhanced operational flexibility. Cash and cash equivalents stood at $4.6 million at 2025-YE compared to $7.3 million at 2024-YE, reflecting the deployment of working capital to support strategic initiatives during a period of active balance sheet realignment.

The Company's underlying operational and financial performance also reflects clear evidence of strategic execution: consolidated gross profit margin before fair value adjustments expanded to 31% from 25% in the prior year, demonstrating the Company's ability to drive structural margin enhancement through operational efficiency, pricing discipline, and integration of the Aleafia platform. Operating expenses declined by $3.5 million year-over-year (from $40.4 million to $36.9 million), reflecting the realization of the Company's disciplined cost management and workforce optimization programs. The Retail segment delivered $2.4 million of year-over-year revenue growth (from $17.0 million to $19.4 million), and the Company's diversified Distribution platform — spanning Michigan, California, and Canada — continues to provide multiple avenues for sustainable cash flow generation.
For the year ended December 31, 2025, the Company incurred a comprehensive net loss of $97.0 million (2024: net loss of $58.0 million), which includes $55.1 million of non-cash impairment charges recognized during the year — comprising $14.7 million in respect of the Platinum Vape brand intangible asset, $13.2 million of goodwill allocated to the Florida CGU, and $27.2 million of

intangible assets (Florida cannabis licenses) allocated to the Florida CGU. These non-cash impairments — while affecting reported results — do not impact the Company's ongoing cash generation capability or the underlying operational strength of the Company's branded portfolio and multi-jurisdictional platform. Net cash used in operations for the year was $9.6 million (2024: $13.6 million), reflecting the period of strategic recalibration and the cash-flow benefits expected to be realized in subsequent periods as the restructured debt portfolio reduces near-term debt service requirements.

Building on these foundational improvements, Management is advancing several strategic initiatives that further strengthen the Company's going concern position: To build upon these improvements, Management is advancing several strategic initiatives:

- ***Continued balance sheet optimization*** — leveraging the successful 2025-Q1 debt restructuring as a platform for continued improvement, actively pursuing additional covenant modifications and term enhancements.
- ***Florida divestiture*** — the proposed divestiture of the Company's Florida operations (refer to *Recent Developments*), when completed, will further de-lever the Company's balance sheet through the assignment and assumption of select tranches of debt currently issued by the Company's Florida operations, materially reducing the Company's consolidated debt obligations and sharpening focus on its core operating platforms.
- ***Capital markets access*** — expanding access to institutional capital markets through enhanced financial reporting transparency and strengthened stakeholder relationships.
- ***Asset rationalization and IP monetization*** — accelerating asset rationalization and optimization programs, including the strategic divestiture of non-core holdings and the development of intellectual property monetization strategies, including but not limited to expanded licensing arrangements that leverage the strong market recognition of the Platinum, PV, DIVVY, and Emblem brands with minimal capital deployment.
- ***Operational excellence*** — executing comprehensive operational excellence programs, including the planned implementation of a new enterprise resource planning system on January 1, 2026, that will deliver enhanced data oversight, more timely financial reporting, and meaningful operational efficiencies, complementing the Company's continued elimination of redundancies and enhancement of revenue-generating capabilities across all business segments.

Management proactively manages liquidity through financial planning processes which incorporate cash flow monitoring, scenario-based stress testing, and dynamic capital allocation strategies. The Company's diversified revenue portfolio — spanning Retail (direct-to-consumer) operations in Florida and Canada, Distribution (direct-to-retailer) operations across Michigan, California, and Canada, and Licensing arrangements in strategic U.S. markets — provides multiple pathways for sustainable cash flow generation across varying regulatory and competitive environments.

As at 2025-YE, the Company maintained no off-balance sheet arrangements (2024-YE: $nil).

The Company continues to proactively assess macroeconomic conditions and regulatory developments, integrating these insights into strategic planning. Management's going concern evaluation encompasses comprehensive 12-month forward-looking scenarios, with the restructured debt profile, the proposed Florida divestiture, the operational improvements realized during the year, and the Company's strategic initiatives collectively providing enhanced operational flexibility and reduced refinancing risk in the near term.

There can be no assurance that the Company will achieve profitability. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows from operations, obtain additional financing, and successfully execute the strategies described above. The Company has traditionally relied on debt and equity financing to support its operations. However, due to the current challenges in the global cannabis capital markets, access to financing sources remains limited. As a result, the Company may face cash flow shortages that could impact its ability to sustain ongoing operations, invest in acquisitions and business development initiatives, or meet debt obligations. Despite these challenges, the Company has been successful in obtaining financing to date and recently negotiated favorable terms with its key lenders to renew and (as applicable) restructure issued and outstanding debt that had otherwise matured within the reporting period (Note 21). Having secured the extension of maturity dates and the mutually agreed upon deferral of cash debt service to the next applicable maturity dates for these debts, the Company has been provided with additional cash flow availability, enhancing its ability to manage financial commitments tied to its operations more effectively. If further funding is not accessible through debt instruments or equity capital, delays, postponements, or reductions in certain operational activities may occur. These conditions and events constitute material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Audited Consolidated Financial Statements for the year ended December 31, 2025 do not reflect adjustments to carrying values of assets and liabilities, reported expenses, and balance sheet classifications that would be necessary if the Company were unable to continue as a going concern in the normal course of operations. Such adjustments could be material.

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

Cash flow Highlights

Below is the cash flow from operating, investing, and financing activities by the Company for 2025-YTD, and 2024-YTD:

	2025-YTD	2024 YTD	Variance
	$	$	$
Cash provided by operating activities before changes in non-cash working capital	(123)	(12,238)	12,115
Net change in non-cash working capital items	(9,442)	(1,343)	(8,099)
Net cash provided by (used in) operating activities	(9,565)	(13,581)	4,016
Net cash used in investing activities	(22,328)	(24,830)	2,502
Net cash provided by financing activities	21,186	53,933	(32,747)

Net cash used by operating activities for 2025-YTD was $9.6 million, representing an improvement of $4.0 million compared to $13.6 million for 2024-YTD. The net loss for the period increased to $82.5 million from $33.1 million; however, this was substantially offset by $73.1 million of non-cash items (compared to $31.8 million for 2024-YTD) and favorable working capital movements. Accounts receivable contributed $7.3 million of cash inflows reflecting improved collection efforts, inventory decreased by $7.9 million due to improved inventory management, deposits released $3.0 million as prepayments were applied against inventory purchases, and biological assets contributed $2.9 million. These favorable variances were partially offset by a $7.2 million decrease in accounts payable and accrued liabilities reflecting timing of vendor payments, a $13.3 million decrease in deferred income taxes, and a $3.9 million decrease in current income taxes payable. Non-cash items of $73.1 million for 2025-YTD primarily comprised accrued interest on notes payable of $36.7 million, impairment of intangible assets of $41.9 million, impairment of goodwill of $13.2 million, accrued interest on convertible debentures of $5.9 million, accreted interest on leases of $2.8 million, and depreciation totaling $6.3 million, partially offset by gains on discharge of credit facility and payables on receivership in discontinued operations totaling $22.6 million, fair value adjustment on biological assets of $6.1 million, and loan forgiveness on notes payable of $5.8 million.

Net cash used in investing activities for 2025-YTD was $22.3 million, compared to $24.8 million used in 2024-YTD, representing a favorable variance of $2.5 million. Investing activity during the period was primarily driven by $22.0 million in advances on notes receivable as the Company strategically deployed capital through the PD Note to facilitate an arm's-length crop commitment securing cannabis biomass inputs for the Company's Michigan operations, the KMI Note to secure preferential contract manufacturing and distribution services, and the Lighthouse Note to support strategic working capital arrangements (refer to *Liquidity and Capital Resources*). Other investing activity included $3.0 million in property, plant and equipment additions, partially offset by $2.1 million in proceeds from the sale of property and equipment held for sale and $0.6 million in interest and principal receipts on notes receivable.

Net cash provided by financing activities for 2025-YTD was $21.2 million, compared to $53.9 million in 2024-YTD, representing a $32.7 million decrease. The reduction primarily reflects lower advances on notes payable of $39.9 million in 2025-YTD compared to $57.7 million in 2024-YTD, the $12.7 million cash outflow associated with the partial settlement of the RGR Credit Facility through the Pharmaco receivership proceedings (with no comparable activity in 2024-YTD), and the absence of promissory note issuances in 2025-YTD compared to $7.4 million received in the prior year. These reductions reflect the Company's transition from a phase of active debt funding into a period of disciplined debt management following the comprehensive 2025-Q1 debt restructuring activities, which extended the maturity profile of the Company's principal debt obligations and reduced the need for incremental near-term funding (refer to *Liquidity and Capital Resources*). Principal payments on notes payable also decreased to $2.6 million from $7.3 million in 2024-YTD, providing a $4.7 million favorable variance as the restructured debt portfolio deferred near-term principal obligations.

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

Notes Receivable

As at December 31, 2025, and 2024, the Company had the following outstanding notes receivable:

Note	Purpose:	Note currency:	Execution Date:	Maturity Date:	Interest Rate per annum:	Balance, 31-Dec-25	Balance, 31-Dec-24
Battlecreek Note	Sale of capital assets	USD	17-Sep-25	17-Sep-27	0.00%	268	-
Gratiot Note A	Sale of capital assets	USD	12-Dec-25	12-Dec-27	7.00%	413	-
Gratiot Note B	Sale of capital assets	USD	12-Dec-25	12-Dec-27	7.00%	828	-
KMI Note	Working capital	USD	19-Dec-24	On Demand	12.00%	1,253	743
Lighthouse Note	Working capital	USD	1-Dec-25	15-Mar-28	13.00%	954	-
OPRC Note	Debt restructure	CAD	17-May-24	31-May-27	8.00%	3,020	3,000
PD Note	Working capital	USD	15-May-24	15-May-27	20.00%	28,991	12,093
Stateline Note	Sale of capital assets	USD	7-Nov-25	31-Dec-30	5.00%	1,721	-
						37,448	**15,836**

During the year ended December 31, 2025, the Company entered into a series of arm's-length transactions for the sale of certain capital assets, including real property, under which a portion of the consideration was received in the form of notes receivable. These arrangements include the Battlecreek Note, the Gratiot Note A, the Gratiot Note B, and the Stateline Note (the "Property Notes"). The terms of the underlying sale transactions and the associated notes receivable, including principal amounts, interest rates, and maturity dates, are summarized in the table above. Each of the Property Notes were measured at amortize cost for expected credit losses in accordance with IFRS 9. Each Property Note is supported by collateral — including the underlying capital assets sold, real property, or other security pledged under the relevant agreement — the realizable value of which, based on management's assessment at the reporting date, equals or exceeds the gross carrying amount of the note. As a result, the loss given default approaches nil and the resulting expected credit loss is not material. No expected credit loss allowance has been recognized for the year ended December 31, 2025 (2024 – nil).

The PD Note is measured at FVTPL and is therefore outside the scope of the IFRS 9 expected credit loss model; credit risk on this instrument is reflected directly in its fair value at each reporting date. Management has also assessed the collateral securing the PD Note and concluded that its realizable value is sufficient to support the carrying amount of the note at the reporting date.

Continuity of the outstanding notes receivable owed to the Company as at 2025-YTD, is as follows:

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

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

Continuity of the outstanding notes receivable owed to the Company as at 2024-YTD, is as follows:

	Balance, 01-Jan-23	Additions	Accrued Interest	Discount Amortization	Interest Payments	Principal Payments	Acquisition	FX (Gain)/Loss	Balance, 31-Dec-24
	$	$	$	$	$	$	$	$	$
AH Note (see *Acquisitions*)	16,778	-	117	-	-	-	(16,954)	-	-
AH DIP Note (see *Acquisitions*)	7,927	7,330	33	-	-	-	(15,290)	-	-
KMI Note	-	723	19	-	-	-	-	-	723
OPRC Note	-	3,000	149	-	(149)	-	-	-	3,000
PD Note	-	10,973	805	-	-	(149)	-	464	12,093
Total notes receivable	**24,705**	**22,027**	**1,123**	**60**	**(149)**	**(149)**	**(32,244)**	**464**	**15,836**
Short-term notes receivable	24,705								11,397
Long-term notes receivable	-								4,439

Lighthouse Note: On December 1, 2025, the Company entered into a Revolving Credit Line and Security Agreement with MC2P, LLC d/b/a Lighthouse Sciences ("Lighthouse"), an Ohio limited liability company. The facility consists of two tranches: Tranche A in the principal amount of US$0.6 million, bearing interest at 13% per annum, and Tranche B in the principal amount of US$0.07 million, bearing interest at 0% per annum. Both tranches mature on March 15, 2028. The note is secured by a first-priority security interest in substantially all of Lighthouse's personal property, including state licensure, subject to existing senior liens and to applicable cannabis regulatory restrictions under Ohio Marijuana Laws. Advances under the facility are revolving and made at the sole discretion of the Company.

KMI Note: On December 19, 2024, the Company entered into a first priority, secured note receivable agreement with Kase Manufacturing Inc. ("KMI"), a vendor providing contract manufacturing and distribution services to the Company in the state of California. The KMI Note bears an interest rate of 12% per annum, compounded monthly until repaid in full. Default interest shall be at 20% after default, compounded monthly. The KMI Note is secured by all present and future right, title, and interest of Borrower's assets.

OPRC Note: On May 17, 2024, the Company entered into a $3 million secured note receivable agreement with One Plant Retail Corporation ("OPRC"), (the "OPRC Note"). OPRC is a legal entity in which the Company retains an 8.94% minority investment. The OPRC Note matures on May 31, 2027, and bears an interest rate of 8% per annum. Interest payments of accrued interest are payable by OPRC on the first of each month. The OPRC note was settled in full subsequent to December 31, 2025.

PD Note: On May 15, 2024, the Company extended a US$8 million revolving line of credit note to a Michigan cultivation operation (the "Borrower") bearing interest at 20% per annum to facilitate an arm's length crop commitment that will reduce the cost of raw material (cannabis biomass) inputs used in the Company's finished goods sold in the state of Michigan. The note matures on May 15, 2027, and allows for borrowing, repayment, and reborrowing of principal up to the maximum principal limit, subject to the Company's approval. Annual repayments are required to reduce the outstanding balance, including interest, to USD $1 million by May 15 of each year unless this condition is waived by the Company. The Company has secured a first-priority security interest on substantially all of the Borrower's operating assets excluding inventory on hand at the inception of the loan agreement and may accelerate repayment in the event of default. On January 1, 2025, the Company and the Borrower entered into a First Amendment to the note, which (i) increased the maximum principal amount available under the facility from US$8 million to US$20 million, and (ii) amended the payment-in-kind ("PIK") provisions to establish an annual cap on Compliant Product deliveries (60% of annual production for 2025–2026 and 55% thereafter), with the Company irrevocably forgiving accrued and unpaid interest in an amount equal to the applicable PIK Value delivered within the cap upon each such delivery, and the full PIK Value applied against outstanding principal. Interest forgiven is netted against interest income earned on the note. All other terms of the original note remain in full force and effect.

The AH Note and AH DIP Note: The AH Note and AH DIP Note were issued in connection with the broader transaction that resulted in the Aleafia Acquisition (refer to *Acquisitions*). The AH Note bore interest at prime plus 9% per annum and matured on December 24, 2023, subsequently extended to January 12, 2024; the discount on the purchase price of $1 million was recognized over its expected life using the effective interest method and included in other income. The AH DIP Note accrued interest at 12.5% per annum, compounded and calculated weekly and added to principal on the first day of each month, and carried a commitment fee of $0.2 million representing 3% of the maximum $6.6 million available to be advanced. On January 12, 2024, as a component of the consideration paid for the Aleafia Acquisition, the Company released all remaining amounts outstanding under the AH Note ($17 million) and the AH DIP Note ($15.2 million), for a total of $32.2 million, rendering both notes settled and paid in full.

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

Finance Expenses

The Company incurred the below finance expenses for 2025-Q4 and 2025-YTD, and 2024-Q4 and 2024-YTD.

	2025-YTD	2024-YTD
	$	**$**
Interest on notes payable	36,691	25,266
Interest on convertible debt	5,855	7,651
Interest on credit facilities	-	1,082
Other finance fees	32	3,125
Accreted interest on notes payable	-	248
Accreted interest on convertible debt	-	2,639
Gain) loss on valuation of financial instruments	-	(691)
(Gain) on Loan forgiveness	(5,804)	-
(Gain) loss on debt extinguishment	-	167
Total finance expense	**36,774**	**39,487**

Notes Payable

As at 2025-YE, and 2024-YE the Company had the following outstanding notes payable:

Note	Purpose:	Note/Amended Value:	Note currency:	Execution Date:	Maturity Date:	Interest Rate per annum:	2025-YE	2024-YE
[1,2]BJSD Note	Debt restructure	3,065	CAD	01-Feb-25	12-Sep-27	12.00%	3,420	3,214
[1,2]CPIL Note	Debt restructure	20,644	CAD	01-Feb-25	12-Sep-27	12.00%	23,032	-
[1,2]DCIL Note	Debt restructure	7,120	USD	01-Feb-25	12-Sep-27	12.00%	10,887	-
ELL Note	Mortgage	5,750	CAD	05-Jun-24	01-Jul-29	6.72%	5,647	5,743
MV Ops Note	Operations	1,130	USD	04-Jun-24	04-Dec-25	12.00%	1,757	1,637
Oakshire Note	Debt settlement	3,000	USD	19-Jul-24	On Demand	0.00%	1,413	1,665
[1,2]RGR CAD Grid Note	Debt restructure	59,022	CAD	01-Feb-25	12-Sep-27	12.00%	71,096	56,946
[1,2]RGR Note A	Debt restructure	33,418	USD	01-Feb-25	12-Sep-27	12.00%	51,100	52,038
[2]RGR Note C	Debt restructure	21,742	USD	29-Nov-24	30-Nov-26	12.00%	36,060	33,541
[1,2]RGR USD Grid Note	Operations & acquisitions	53,779	USD	01-Feb-25	12-Sep-27	12.00%	114,502	75,902
[1,2]SDIL Note A	Debt restructure	6,901	USD	01-Feb-25	12-Sep-27	12.00%	10,093	10,091
[1,2] SDIL Note B	Debt restructure	7,120	USD	01-Feb-25	12-Sep-27	12.00%	10,887	-
[1]SIL Note	Debt restructure	347	USD	01-Feb-25	12-Sep-27	12.00%	531	521
[1]TAII Note	Debt restructure	3,387	USD	01-Feb-25	12-Sep-27	12.00%	5,179	5,278
							345,605	**246,576**

For a notes payable continuity, refer the Company's most recently filed Audited financial statements for the year ended December 31, 2025 found on Sedar+.

Notes payable transactions during 2025-YTD:

The Company successfully concluded negotiations with various lenders, including related party lenders, to renew multiple previously issued notes payable that had matured during the fiscal year ended December 31, 2024 (the "Matured Debt"). Originally scheduled to mature on September 12, 2024, the Matured Debt was formally amended on February 1, 2025, with the amendments effective as of September 15, 2024. The renewed debt includes revised terms that align with the Company's growth strategy, allowing management to maintain adequate cash flow while continuing to pursue strategic expansion initiatives in active markets in Canada and the United States.

[1] Matured Debt
[2] Related party lender

The Matured Debt was amended to extend the maturity date to September 12, 2027, adjust the annual interest rate to 12%, defer principal and interest payments to the respective maturity dates, and remove convertible features where applicable. As part of the amendment, certain related party lenders forgave an aggregate of $5.8 million in accrued interest.

For more details on continuity of each note payable, refer to the Company's most recently filed Audited Financial Statements found on Sedar+.

Notes payable transactions during 2024-YTD:

a) **RGR Grid Note Amendments:** On January 1, 2024, the Company and Royal Group Resources, Ltd. ("RGR") executed agreements to amend the CAD RGR Grid Note and the USD RGR Grid Note (the "RGR Grid Notes"). Under the terms of the amendments, effective January 1, 2024, the RGR Grid Notes will bear interest at an aggregate rate of 12% per annum, compounding monthly, and calculated on a monthly basis in arrears at the end of each month, and shall be paid, together with principal, on the maturity date; September 12, 2024. All other terms and conditions remain unchanged. The amendments were subject to review under IFRS 9 and as a result, both the CAD RGR Grid Note and the USD RGR Grid Note were extinguished resulting in $0.1 million loss on extinguishment related to the RGR Grid Notes amendment.

b) **FL Ops Note:** On June 4, 2024, the Company's subsidiaries, Red White & Bloom Florida Inc. and RWB Florida LLC (as joint borrowers), entered into an operating loan agreement with Red White and Bloom Brands Inc. and a consortium of arm's-length lenders, for an aggregate principal amount of up to USD $6 million (the "FL Ops Note"). The FL Ops Note carries a 12% annual interest rate (increasing to 15% in the event of default), compounds monthly, and matures on December 4, 2025. The arm's-length lenders advanced $1.6 million (USD $1.1 million) of the total principal while Red White and Bloom Brands, Inc. advanced $6.7 million (USD $4.7 million). For the purpose of these Financial Statements, amounts advanced by Red White and Bloom Brands, Inc. have been eliminated on consolidation. The FL Ops Note was issued to fund ongoing operating costs and fixturing of the Florida retail stores to be activated through fiscal 2025.

c) **ELL Note:** On June 4, 2024, the Company completed a mortgage financing with a third-party Canadian lender in the amount of $5.6 million (the "ELL Note") secured by a property owned by the Company. Proceeds from the financing will be used for working capital and general corporate purposes. The ELL Note matures on July 1, 2029, and has a sixty (60) month term, amortizing over three hundred (300) months at an annual interest rate of 6.72% per annum. Computershare acts as agent, nominee and custodian in administering the note. The ELL Note is supported by a guarantee provided by an existing related party lender.

d) **Oakshire Note:** On July 19, 2024, under the terms of the Oakshire Settlement (see Debt Settlement below), the Company entered into a promissory note for $3.4 million (the "Oakshire Note") to settle financial obligations and claims, including the extinguishment of $1.2 million due to Oakshire. The Oakshire Note is non-interest bearing and is required to be settled, in full, by February 28, 2025 unless this condition is otherwise waived by the applicable lender. Payments are structured in installments, with specific deadlines outlined in the Oakshire Settlement Agreement. If payments are not made as scheduled, an 18% default interest rate will apply (at the discretion of the lender, and the total outstanding balance will become immediately due unless this condition is otherwise waived by the applicable lender. The Oakshire Note is secured by specific operating assets held by the Company.

e) **RGR Note C:** On November 29, 2024, the Company and RGR executed an agreement, effective June 4, 2024, to amend the USD$18.3 million RGR Note resulting in RGR Note C. Prior to the amendment, the Company incurred USD$1,339 in penalties and interest in accordance with the default terms of the USD$18.3 million RGR Note. Under the terms of the amendment, RGR Note C will bear interest of 12% per annum, compounded monthly, with interest and principal payable on the maturity date, defined as November 30, 2026. The amendment was subject to review under IFRS 9 and as a result, the USD$18.3 million RGR Note was extinguished resulting in a nominal loss on extinguishment. Details of the transaction are included in the notes payable continuity schedule above.

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

Convertible Notes

Convertible notes held by the Company for 2025-YTD, and 2024-YTD, is as follows:

	AB Convertible Note	FCC Convertible Note	IBGL Convertible Note	[1] VMOS Convertible Note	MV Convertible Note	[1,2] DCIL Convertible Note	[1,2] SDIL Convertible Note	[1,2] CPIL Convertible Note	Total
	$	$	$	$	$	$	$	$	$
Carrying Value, January 1, 2024	**1,242**	**2,485**	**2,485**	**1,739**	**30,987**	**8,378**	**8,378**	**18,030**	**73,724**
Interest accrued	26	52	52	37	1,078	829	829	1,673	4,576
Interest Accretion	14	28	28	20	1,506	153	153	737	2,639
Extinguishment	-	-	(2,658)	(1,860)	(34,684)	-	-	-	(39,202)
Amendment	-	-	2,658	1,860	34,684	-	-	-	39,202
Interest accrued post-amendment	92	184	184	129	2,486	-	-	-	3,075
Effects of foreign exchange	113	225	225	157	2,958	783	783	-	5,244
Carrying Value, December 31, 2024	**1,487**	**2,974**	**2,974**	**2,082**	**39,015**	**10,143**	**10,143**	**20,440**	**89,258**
Interest accrued	131	262	262	183	4,608	102	102	204	5,854
Amendment	-	-	-	-	-	(10,311)	(10,311)	(20,644)	(41,266)
Effects of foreign exchange	(73)	(146)	(146)	(102)	(1,939)	66	66	-	(2,274)
Carrying Value, December 31, 2025	**1,545**	**3,090**	**3,090**	**2,163**	**41,684**	**-**	**-**	**-**	**51,572**
Short-term									**51,572**
Long-term									**-**

For further details on the Company's convertible notes, refer the Company's most recently filed Audited financial statements for the year ended December 31, 2025 found on Sedar+.

Convertible note transactions during the year ended December 31, 2025:

The Company successfully concluded negotiations with three related party lenders to renew previously issued convertible notes payable that had matured during the fiscal year ended December 31, 2024 (the "Matured Convertible Debt"). Originally scheduled to mature on September 12, 2024, the Matured Convertible Debt was formally amended on February 1, 2025 into promissory notes, with the amendments effective as of September 15, 2024. See Notes Payable in the above sections for details on the continuity of the Matured Convertible Debt as promissory notes.

The Matured Convertible Debt was amended to a promissory note, extending the maturity date to September 12, 2027, adjusted the annual interest rate to 12%, defer principal and interest payments to the respective maturity dates, and remove convertible features.

Convertible note transactions during the year ended December 31, 2024:

a) **MV Convertible Note:** On November 29, 2024, the Company and M&V Investments One LLC ("MV") executed an agreement to amend the USD$20 million MV Convertible Note resulting in the MV Convertible Note, with an effective date of June 4, 2024. Under the terms of the amendment, the MV Convertible Note will bear interest of 12% per annum, compounded annually, with interest and principal payable on the maturity date, defined as November 30, 2026. The Company and MV also agreed that MV may convert all or any portion of the outstanding principal balance of the MV Convertible Note at a price of USD $2.75 per common share of the Company at any time prior to maturity. The amendment was subject to review under IFRS 9 and as a result, the USD$20 million MV Convertible Note was extinguished and the MV Convertible Note was established.

b) **IBGL and VMOS Convertible Notes:** On December 31, 2024, the Company and lenders of the USD$1.6 million IBGL and, USD$1.1 million VMOS Convertible Notes amended existing notes, with an effective date of April 22, 2024, resulting in the IBGL and VMOS Convertible Notes. Under the terms of the amendments, interest is set at 12% per annum, with interest and principal payable on the maturity date, defined as November 30, 2026. The Company and the holders of the IBGL and VMOS Convertible Notes also agreed that the lenders may convert all or any portion of the principal balance of the respective Convertible Notes at a price of USD $2.75 per common share of the Company at any time prior to the next respective maturity date. The amendment was subject

[1] Related party
[2] Matured Convertible Debt

to review under IFRS 9 and as a result, the USD$1.6 million IBGL and USD$1.million VMOS Convertible Notes were extinguished and the IBGL and VMOS Convertible Notes were established.

During the year ended December 31, 2025, the Company remained engaged in negotiations to renew the AB and FCC Convertible debt that matured during the reporting period. The principal renewal terms of the debt instruments have been acknowledged as acceptable by the lenders. Given that the original maturity dates have expired, these loan obligations continue to be classified as short-term debt in the Company's Consolidated Statement of Financial Position.

Derivative Liabilities Relating to Convertible Debentures

The Company assesses its convertible debentures each reporting period to determine if a derivative liability exists in accordance with IFRS 9 Financial Instruments and IAS 32. When a derivative liability is identified, the Company values its derivative liabilities to fair market value each period, with fair market value gains and losses recorded to the consolidated statement of income (loss) and comprehensive income (loss). As at 2025-YTD, and 2024-YE, there was no evidence of a derivative liability resulting from the Company's convertible debentures.

Debt Settlements

On July 19, 2024, the Company entered into a settlement agreement between with Oakshire Holdings Inc. and its affiliates (the "Oakshire Parties") to resolve a series of financial obligations and claims, including the extinguishment of $1.1 million due under the Due to Oakshire Note (the "Oakshire Settlement Agreement"). Under the terms of the agreement, the Company will pay the Oakshire Parties $3.6 million in scheduled installments. The obligations under the Oakshire Settlement Agreement is secured by tangible assets held by the Company, in concert with the Oakshire Note. Payments made by the Company in connection with the Oakshire Note amounted to $3.4 million as at year end December 31, 2025.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter any off-balance sheet arrangements during 2025-YTD (2024-YTD; nil).

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of Financial Instruments

The fair values of other financial instruments, which include accounts receivable, accounts payable and accrued liabilities, notes receivable, and notes payable, approximate their carrying values due to the relatively short-term maturity of these instruments.
The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

In determining the fair value of investments, Level 3 input includes subjective estimates in assessing indicators of impairment.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that are subject to such risk include cash and cash equivalents, accounts receivable and notes receivable. Accounts receivable are amounts due by customers purchasing through the Company's distribution channel, who have exhibited a strong credit standing and continued good payment history with the Company. Notes receivable are amounts due from third party debtors (refer to *Liquidity and Capital Resources)*.

The Company limits its exposure to credit loss on cash and cash equivalents by placing its cash with reputable financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

At 2025-YE, the Company held an accounts receivable balance of $8.3 million (2024; $16.1 million). Included in this balance is a provision for expected credit losses ("ECL") in the amount of $3.4 million (2024; $9.2 million). The reader is referred to Note 9 of the Company's most recently filed Audited Financial Statements ending December 31, 2025 for details relating to the Company's accounts receivable and ECL provision for the 2025-YE, and 2024-YE.

As at 2025-YE, the Company held note receivable balances amounting to $37.4 million (2024: $15.8 million). Refer to *Liquidity and Capital Resources*.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at 2025-YE, the Company had a cash and cash equivalents balance of $4.6 million (2024; $7.3 million) available to apply against short-term business requirements and current liabilities of $134.2 million (2024; $343.0 million), including short-term lease obligations, short term notes and convertible debentures, and income taxes payable and other current liabilities.

The Company also continues to pursue other means of debt or equity financing to further mitigate its liquidity risk in addition to seeking out opportunities to monetize captive or redundant tangible assets should they present themselves. The Company also continues to maintain a constant focus on executing initiatives with greater expected returns to improve its cash flow and targeting reductions in operating and administrative costs as feasible.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore the Company does not consider the interest rate risk for cash to be significant.

As at 2025-YE, and 2024-YE, the interest rate on notes payable and convertible debentures are fixed based on the terms agreed to within the respective debt contracts. As such, the Company's interest rate risk exposure is limited to the aforementioned interest rate terms within the aforementioned contracts.

Foreign Exchange Risk

The Company is exposed to foreign currency risk arising from exchange rate fluctuations and their volatility, primarily affecting the timing and valuation of accounts payable settlements. Management mitigates this risk through prompt creditor payments and active monitoring of currency market movements.
Additional exposure stems from maintaining balances and conducting transactions in currencies different from the Company's functional currency. With operations in jurisdictions using the United States Dollar (USD) and US-based subsidiaries, the Company faces risks from:

- Translation exposure when consolidating US subsidiary financial statements
- Transaction exposure from intercompany loans, dividends, and cross-border transactions
- Economic exposure affecting competitive positioning in US markets

Currently, the Company does not utilize derivative financial instruments or hedging strategies to manage these foreign currency risks, which may impact reported earnings and cash flows.

NEW 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, have an effect on, the Company's 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 IAS 21 The Effects of Changes in Foreign Exchange Rates ("IAS 21") – Lack of Exchangeability

On August 15, 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21) to specify when a currency is exchangeable into another currency and, when it is not, how to determine the exchange rate to use and the disclosures to provide. The amendments require an entity to assess whether a currency is exchangeable at the measurement date and for a specified purpose, and when exchangeability is lacking, to estimate the spot exchange rate at a rate that would apply in an orderly transaction between market participants under prevailing economic conditions. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact of using an estimated exchange rate, including the nature and financial effects of the currency not being exchangeable, the estimated exchange rate used, the estimation process, and the risks to which the entity is exposed.

The amendments were effective for annual reporting periods beginning on or after January 1, 2025.

The amendments do not have a material impact on the Financial Statements.

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, 2026, 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.

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 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.

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 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.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Financial Statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained and are subject to change. The Company's accounting policies and estimates used in the preparation of the condensed interim consolidated financial statements are considered appropriate in these circumstances but are subject to judgments and uncertainties inherent in the financial reporting process.

In preparing this MD&A, management has made significant assumptions regarding the circumstances and timing of the transactions contemplated therein, which could result in a material adjustment to the carrying amount of certain assets and liabilities if changes to the assumptions are made. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are consistent with those disclosed in the Company’s 2025-YE Audited Financial Statements found on Sedar+.

The information provided in this report, including the Financial Statements, is the responsibility of management. In the preparation of the Financial Statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on reasonable judgments and have been properly reflected in the accompanying Financial Statements.

OTHER RISKS AND UNCERTAINTIES

The following section describes specific and general risks that could affect the Company. These risks and uncertainties are not all-inclusive, and additional risks not presently known or currently considered immaterial may also impact business operations. If any such risks materialize, the Company's business, financial condition, and results of operations could be materially and adversely affected.

REGULATORY AND LEGAL RISKS

U.S. Federal Regulatory Environment

Cannabis remains classified as a Schedule I controlled substance under the U.S. Controlled Substances Act ("CSA"), making cultivation, distribution, and possession illegal under federal law despite legalization in numerous U.S. states. On December 18, 2025, President Trump issued Executive Order 14370 directing the Attorney General to expedite the rescheduling of marijuana from Schedule I to Schedule III, and the DEA subsequently issued an order placing FDA-approved marijuana products and marijuana products subject to a qualifying state-issued medical license into Schedule III. This order, effective April 22, 2026, applies only to FDA-approved products and state-licensed medical marijuana, with a new DEA hearing beginning June 29, 2026 to evaluate broader rescheduling.

While rescheduling represents the most significant federal cannabis policy shift in decades, it does not constitute legalization, and state-licensed cannabis businesses remain operating outside any federal licensing framework. Moving marijuana to Schedule III, without other legal changes, would not bring the state-legal medical or recreational marijuana industry into compliance with federal controlled substances law. The implementation timeline, scope, and practical implications of broader rescheduling remain uncertain, and litigation challenges from opposing parties are anticipated.

Banking and Financial Services

Cannabis businesses continue to face significant challenges accessing traditional banking, payment processing, and insurance services. Schedule III rescheduling does not resolve the fundamental banking problem, as banks remain exposed to potential money laundering charges and regulatory action for processing proceeds from state-licensed cannabis sales. The SAFE Banking Act has not been enacted, and until comprehensive federal banking reform is achieved, cannabis operators will continue to face higher fees, cash management challenges, and limited financial services access.

Section 280E Tax Burden

Section 280E of the Internal Revenue Code prohibits cannabis businesses from deducting ordinary business expenses, creating effective federal tax rates that can exceed 70%. For now, only medical cannabis businesses subject to qualifying state licenses will be able to take advantage of Schedule III benefits, including 280E relief, while state-licensed adult-use operators continue to operate under Schedule I restrictions. The timing and scope of broader 280E relief remains uncertain pending the outcome of the DEA's June 2026 hearing and any final rule.

Canadian Regulatory Framework

On March 12, 2025, the Regulations Amending Certain Regulations Concerning Cannabis (Streamlining of Requirements) and the Order Amending Schedule 2 to the Cannabis Act came into force, with the Cannabis Tracking System Order (Cultivation Waste) following on April 1, 2025. The amendments span production, packaging and labelling, recordkeeping, licensing, and personnel and security, including expanded micro-cultivation limits, new QR code and transparent window allowances on packaging, and elimination of CAPA submissions for non-systemic minor inspection findings, with full label compliance required by March 12, 2026.

In July 2025, Health Canada prioritized "information integrity" in the Cannabis Tracking and Licensing System (CTLS), making accurate and comprehensive CTLS profiles a frontline compliance requirement for all licensees. While these amendments reduce regulatory burden in certain areas, they require licensees to update internal processes, SOPs, and packaging artwork ahead of compliance deadlines, and continue to require customized compliance approaches across provincial jurisdictions.

BUSINESS AND OPERATIONAL RISKS

Market Competition and Margin Pressure

Competition has intensified through continued consolidation among multi-state operators and entry of larger consumer packaged goods companies. Sustained price compression in mature markets, combined with the continued prohibition on interstate cannabis transport in the U.S., forces operators to maintain redundant state-level operations and pressures margins.

Access to Capital

The cannabis sector continues to face capital markets volatility, with elevated interest rates and tight lending conditions increasing the cost of capital and limiting financing options. The Company's ability to raise capital on favorable terms remains constrained by sector sentiment, federal reform progress, and broader macroeconomic conditions.

Supply Chain and Inflationary Pressures

Inflationary pressures on packaging, equipment, transportation, and labor inputs may not be fully passed through to consumers in a competitive market environment, potentially compressing margins. Securing reliable, compliant inputs at reasonable cost remains essential to maintaining quality and profitability.

Consumer Preferences and Product Innovation

Consumer preferences continue to evolve toward premium products, specific cannabinoid profiles, and alternative delivery methods, requiring ongoing investment in product development and marketing responsiveness.

Product Liability and Quality Assurance

Expanding consumer reach and evolving regulatory testing and disclosure requirements increase product liability exposure. Robust quality assurance systems and appropriate insurance coverage remain essential to mitigating these risks.

Cybersecurity and Data Protection

The Company collects sensitive customer and patient information subject to health privacy laws. Increasing digitization of operations, including e-commerce and delivery services, expands cybersecurity exposure and requires robust data security protocols across multiple jurisdictions.

CORPORATE RISKS

Financial Reporting and Internal Controls

Operating across multiple regulatory frameworks requires sophisticated financial reporting systems and internal controls. The absence of cannabis-specific accounting standards continues to present challenges for inventory valuation, biological asset measurement, and revenue recognition under IFRS.

Talent Acquisition and Retention

Competition for experienced cannabis professionals in cultivation, manufacturing, retail, compliance, and corporate functions remains significant, requiring continuous investment in training and development.

Corporate Governance and ESG

The complex regulatory environment requires robust governance structures and compliance programs that meet public company standards while addressing the unique challenges of operating in a federally restricted industry. Stakeholder expectations regarding environmental and social governance, including energy and water efficiency, waste reduction, and community engagement, continue to expand.

Forward-Looking Statements

The foregoing discussion contains "forward-looking statements" within the meaning of applicable securities legislation. Words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will," "would," and similar expressions identify forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those implied. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

MANAGEMENT'S 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.

In the course of this year's assessment, management identified opportunities to further strengthen the alignment between the technical complexity of the Company's financial reporting requirements — particularly within the cannabis sector under IFRS — and the specialized skill sets required to execute and independently review such work. Operating as a lean organization in a rapidly evolving regulatory and accounting environment has, at times, resulted in concentrated responsibilities across a small group of finance personnel, which can limit the depth of independent review available within certain workflows. Management views this as a natural progression for a growing organization and is taking proactive steps to evolve the structure of the finance function to match the increasing sophistication of the business. To strengthen these areas, senior management has implemented enhanced monitoring protocols over higher-risk operational and financial activities, including regular review of key performance indicators across all operating segments. The President and CFO maintain direct oversight of critical financial processes and are actively engaged in reinforcing the control environment, with particular focus on expanding multi-level review procedures over technical accounting matters, complex estimates, and significant judgments.

Management has also prioritized investment in both people and technology to further enhance the control framework. From a human capital perspective, the Company is broadening its skillsets across multiple internal functions supplemented by engagement of external advisors where appropriate to provide additional review capacity and subject-matter depth. This expanded bench strength is designed to support more robust segregation of duties, redistribute concentrated responsibilities across a wider team, and establish formalized secondary review over key financial reporting deliverables.

From a technology perspective, the cornerstone of the Company's go-forward strategy is the implementation of a new enterprise resource planning ("ERP") system, which went live on January 1, 2026. The new ERP platform is expected to deliver meaningful operational efficiencies, enhanced data oversight, and more timely financial reporting, while serving as a unified backbone for the Company's transaction processing, consolidation, and analytics capabilities. Complementing this implementation, the Company continues to deploy financial software solutions designed to automate manual processes, standardize reporting protocols, and reduce the risk of human error. These enhancements include automated reconciliation tools, approval workflows, and improved exception reporting capabilities, with key process flows redesigned to strengthen segregation of duties and role-based access controls reinforcing these principles.

Management is currently evaluating the costs and implementation timelines associated with these staffing and process improvements and views them as investments in the long-term scalability and resilience of the Company's various operating functions. The Company will continue to provide updates on remediation progress in subsequent filings.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Form 5A Annual Listing Summary.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5A Annual Listing Summary is true.

Dated April 30, 2026.

Edoardo Mattei
Name of Director or Senior Officer

Signed: "Edoardo Mattei"
Signature

CFO and Corporate Secretary
Official Capacity

Issuer Details Name of Issuer Red White & Bloom Brands Inc.	For Year Ended December 31, 2025	Date of Report YY/MM/DD 26/04/30
Issuer Address 1890 – 1075 West Georgia Street		
City/Province/Postal Code Vancouver, BC, V6E 3C9	Issuer Fax No. 604-687-3141	Issuer Telephone No. 604-687-2038
Contact Name Edoardo (Eddie) Mattei	Contact Position Chief Financial Officer & Corporate Secretary	Contact Telephone No. (647) 404-8321
Contact Email Address Eddie.mattei@redwhitebloom.com	Web Site Address https://www.redwhitebloom.com	