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.