



Rubicon Organics Inc.

Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and six months ended June 30, 2024

Expressed in Canadian dollars



The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Professional Chartered Accountants for a review of interim financial statements by an entity's auditor.

RUBICON ORGANICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
Expressed in Canadian Dollars



	Notes	June 30, 2024	December 31, 2023
ASSETS			
Current			
Cash and cash equivalents	18	9,501,994	9,784,190
Accounts receivable	5	5,183,835	3,336,328
Prepaid expenses, deposits, & other	6	2,414,896	2,253,669
Inventories	7	9,867,303	9,644,445
Cannabis plants	8	2,095,281	1,634,566
Derivatives	14	-	386,642
		29,063,309	27,039,840
Non-Current			
Property, plant and equipment	9	24,319,078	25,314,148
Right-of-use assets	11	119,541	155,305
Intangible assets	10	2,381,749	2,381,749
Total assets		55,883,677	54,891,042
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	12	8,019,252	6,208,924
Interest payable		410,610	385,800
Current portion of lease liabilities		58,932	53,465
Current portion of loans and borrowings	13	10,778,590	10,259,562
		19,267,384	16,907,751
Non-Current			
Non-current portion of lease liabilities		58,201	88,973
Total liabilities		19,325,585	16,996,724
Shareholders' equity			
Share capital	15	107,845,761	107,793,260
Reserves	16	22,581,945	21,624,166
Deficit		(93,869,614)	(91,523,108)
Total shareholders' equity		36,558,092	37,894,318
Total liabilities and shareholders' equity		55,883,677	54,891,042

Approved on behalf of the Board:

(Signed) "Michael Detlefsen"
Director

(Signed) "Margaret Brodie"
Director, CEO

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED)**
Expressed in Canadian Dollars, except for share information


	Notes	For the three months ended		For the six months ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenue					
Product sales		15,858,120	14,864,205	27,222,444	26,497,899
Excise taxes		(3,752,423)	(3,582,412)	(6,226,330)	(6,416,166)
Net revenue		12,105,697	11,281,793	20,996,114	20,081,733
Cost of sales					
Production costs	9	2,931,952	2,592,334	5,624,644	5,270,938
Inventory expensed to cost of sales	9	5,209,148	3,916,114	8,946,482	6,851,008
Inventory written off or provided for		312,964	173,179	579,003	330,603
Gross profit (loss) before fair value adjustments		3,651,633	4,600,166	5,845,985	7,629,184
Fair value adjustments to cannabis plants, inventory sold, and other charges	8	398,790	(606,406)	563,042	(466,943)
Gross profit		4,050,423	3,993,760	6,409,027	7,162,241
Other Income		—	—	—	—
Operating expenses					
Consulting, salaries and wages		2,073,399	1,960,772	3,971,867	4,019,750
General and administrative		921,748	956,899	1,903,909	1,804,638
Sales and marketing		575,976	618,830	1,029,469	1,229,199
Share-based compensation	16	307,434	546,684	1,010,280	414,526
Depreciation and amortization	9	53,299	70,971	113,421	159,021
		3,931,856	4,154,156	8,028,946	7,627,134
Profit / (loss) from operations		118,567	(160,396)	(1,619,919)	(464,893)
Interest on loans	13	288,760	274,938	567,844	544,518
Foreign exchange loss and (gain)		265,008	(397,278)	420,297	(416,199)
Fair value (gain)/loss on derivatives	14	18,963	75,782	(261,554)	95,673
Net loss for the period		(454,164)	(113,838)	(2,346,506)	(688,885)
Loss per share, basic		(0.01)	(0.00)	(0.04)	(0.01)
Loss per share, diluted		(0.01)	(0.00)	(0.04)	(0.01)
Weighted average number of shares outstanding, basic		56,466,118	56,438,731	56,662,430	56,431,900
Weighted average number of shares outstanding, diluted		56,832,784	56,855,397	57,709,649	56,848,566

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
Expressed in Canadian Dollars, except for share information


	Notes	Number of Shares	Share Capital	Share- Based Reserves	Warrant Reserve	Reserves	Deficit	Total Shareholders' Equity
Balance, January 1, 2023		56,124,994	107,610,759	12,692,956	7,728,952	20,421,908	(89,699,572)	38,333,095
Share-based compensation	16	—	—	414,526	—	414,526	—	414,526
Vesting of RSUs		16,667	52,501	(52,501)	—	(52,501)	—	—
Net loss for the period		—	—	—	—	—	(688,885)	(688,885)
Balance, June 30, 2023		56,141,661	107,663,260	13,054,981	7,728,952	20,783,933	(90,388,457)	38,058,736
Balance, January 1, 2024		56,191,661	107,793,260	13,895,214	7,728,952	21,624,166	(91,523,108)	37,894,318
Share-based compensation	16	—	—	1,010,280	—	1,010,280	—	1,010,280
Vesting of RSUs		16,667	52,501	(52,501)	—	(52,501)	—	—
Net loss for the period		—	—	—	—	—	(2,346,506)	(2,346,506)
Balance, June 30, 2024		56,208,328	107,845,761	14,852,993	7,728,952	22,581,945	(93,869,614)	36,558,092

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
Expressed in Canadian Dollars



	Notes	For the six months ended	
		June 30, 2024	June 30, 2023
OPERATING ACTIVITIES			
Net loss from continuing operations		(2,346,506)	(688,885)
Adjustments to reconcile net loss to cash used in operating activities			
Fair value adjustments to cannabis plants, inventory sold, and other charges	8	(563,042)	466,943
Depreciation and amortization	9	1,608,629	1,520,010
Share-based compensation	16	1,010,280	414,526
Interest on loans	13	567,844	544,518
Foreign exchange loss		364,746	(217,193)
Fair value gain on derivatives	14	(261,554)	95,673
Changes in non-cash working capital items	18	(189,144)	428,254
Cash provided by operating activities		191,253	2,563,846
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(697,672)	(1,139,065)
Cash used in investing activities		(697,672)	(1,139,065)
FINANCING ACTIVITIES			
Interest paid		(385,800)	(352,765)
Repayment of lease liabilities		(35,219)	(72,211)
Settlement of hedge		648,194	—
Cash (used) provided by financing activities		227,175	(424,976)
Effect of exchange rate changes on cash		(2,952)	(20,470)
Net decrease in cash and cash equivalents during the		(282,195)	979,335
Cash and cash equivalents, beginning of period		9,784,190	8,294,117
Cash and cash equivalents, end of period		9,501,994	9,273,452

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian dollars



1. NATURE OF OPERATIONS

Rubicon Organics Inc. (the “Company”, “Rubicon”, or “ROI”) is a British Columbia registered company incorporated on May 15, 2015.

The Company’s principal business is the production and sale of cannabis in Canada. The Company produces and processes organic cannabis at its wholly owned, federally licensed 125,000 square foot facility in Delta, British Columbia (the “Delta Facility”) which it sells under its wholly owned and other licensed brands.

The Company’s common shares trade on the TSX Venture Exchange (the “TSXV”) under the trading symbol “ROMJ” and on the OTCQX Best Market under the symbol “ROMJF”.

The address of the Company’s registered office and records is 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600 Vancouver, British Columbia V7X 1T2. The Company’s head office is unit 505, 744 West Hastings Street, Vancouver, British Columbia V6C 1A5.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Standards Interpretation Committee (“IFRIC”) have been omitted or condensed. As a result, these condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2023 (“Annual Financial Statements”).

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

These financial statements were authorized for issuance by the Board of Directors of the Company on August 15, 2024.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation in the Company’s Annual Financial Statements, except for the adoption of the following accounting policy amendment:

In October 2020, the IASB published amendments to IAS 1 - Presentation of Financial Statements - Classification of debt with covenants as current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least 12-months after the reporting period. This new requirement may change how companies classify their debt. The amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognized as either equity or a liability separately from the liability component under IAS 32 - Financial Instruments: Presentation. Generally, if a liability has any conversion options that involve a transfer of the company’s own equity instruments, these would affect its classification as current or non-current. The IASB has now clarified that when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity. Therefore, companies may need to reassess the classification of liabilities that can be settled by the transfer of the company’s own equity instruments.

RUBICON ORGANICS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian dollars



The amendment was adopted on January 1, 2024, and the implementation of this amendment did not have a material impact on the condensed consolidated interim financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical estimates and judgements made in the preparation of these condensed consolidated interim financial statements are the same as those used in preparing the Company's Annual Financial Statements.

5. ACCOUNTS RECEIVABLE

	June 30, 2024	December 31, 2023
	\$	\$
Trade receivables	5,045,848	3,318,681
Sales taxes recoverable	137,987	17,647
Total accounts receivable	5,183,835	3,336,328

Trade receivables arise from sales of cannabis to distributors and retailers in Canada. As at June 30, 2024, 97% of trade receivables were with provincial government cannabis distributors (December 31, 2023: 99%). Trade receivables are net of a \$673,200 provision for returns (December 31, 2023: \$655,116).

For the three and six months ended June 30, 2024, the Company had four customers (June 30, 2023: four customers) that individually represented more than 10% and together constituted 98% (June 30, 2023: 99%), of the Company's net revenue. Direct sales to provincial government cannabis distributors accounted for the three and six months ended June 30, 2024, was 99% of revenue (June 30, 2023: 99%).

6. PREPAID EXPENSES, DEPOSITS, & OTHER

	June 30, 2024	December 31, 2023
	\$	\$
Prepaid expenses	305,383	801,352
Deposits	1,768,011	1,123,149
Deferred excise tax expense	341,502	329,168
Total prepaid expenses and deposits	2,414,896	2,253,669

As at June 30, 2024, nil of the deposits balance was related to property, plant and equipment (December 31, 2023: \$97,953).

7. INVENTORIES

Inventory as at June 30, 2024 and December 31, 2023 consisted of consumable inventory used in the propagation and transformation of the Company's cannabis plants, work-in-process ("WIP") inventory and finished goods.

	June 30, 2024	December 31, 2023
	\$	\$
Consumable inventory	1,918,242	1,973,774
WIP inventory	6,770,756	6,569,448
Finished goods	1,178,305	1,101,223
Total inventories	9,867,303	9,644,445

At June 30, 2024, WIP inventory and finished goods include \$5,225,474 of non-cash fair value of cannabis plants transferred upon harvest (December 31, 2023: \$5,123,148).

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars*

At June 30, 2024, \$854,952 of consumable inventory is expected to be utilized more than twelve months after the reporting period (December 31, 2023: \$977,493).

8. CANNABIS PLANTS

The changes in the carrying value of cannabis plants was as follows:

	\$
Balance, December 31, 2023	1,634,566
Change in fair value of cannabis plants	6,378,395
Transferred to WIP inventory upon harvest	(5,917,680)
Balance, June 30, 2024	\$2,095,281

The fair value of cannabis plants was determined using a valuation model that estimates the expected average yield per plant and applies this to the estimated fair value less costs to sell per gram of dried cannabis flower. These fair value measurements have been categorized as Level 3 of the fair value hierarchy because there is currently no actively traded commodity market in Canada for cannabis plants.

The significant assumptions applied in determining the fair value are as follows:

- expected average yield of approximately 60 grams per plant (December 31, 2023: 51.8 grams per plant); and
- comparable selling price of wholesale dried cannabis flower ranging from \$1.09 to \$1.49 per gram (December 31, 2023: \$0.87 to \$1.59 per gram).

The comparable selling price used in the valuation is based on recently quoted prices of wholesale dried cannabis flower from licensed Canadian wholesalers and varies based on THC content. Expected average yields for cannabis plants are subject to a variety of factors, such as strains being grown, length of growing cycle, and space allocated for growing. Estimates of future yields are based on the historical weighted average of actual yields.

The Company periodically reassesses the significant assumptions applied in determining the fair value of cannabis plants based on historical information as well as the Company's planned production schedules. When there is a material change in any of the significant assumptions, the fair value of cannabis plants is adjusted.

For the period ended June 30, 2024, the Company determined the weighted average fair value less costs to sell was approximately \$1.41 per dried gram (December 31, 2023: \$1.45 per dried gram).

The Company has quantified the sensitivity of the significant unobservable inputs used to calculate the fair value recorded. A decrease in the comparable selling price per gram of 10% would result in a decrease in the value of cannabis plants of \$280,714. A decrease in the expected average yield per plant of 10% would result in a decrease in the value of cannabis plants of \$209,453.

The number of weeks in the growth cycle is twelve to fourteen weeks from propagation to harvest. As at June 30, 2024, the cannabis plants were estimated to be, on average, 37% complete (December 31, 2023: 41% complete).

The fair value adjustment to cannabis plants, inventory sold, and other charges for the three and six months ended June 30, 2024 and June 30, 2023 is comprised of the following:

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Unrealized gain on changes in fair value of cannabis plants	3,783,657	2,899,548	6,378,395	5,983,461
Realized fair value of inventory sold	(2,994,010)	(3,296,369)	(5,090,239)	(6,165,854)
Adjustment to net realizable value of inventory on hand at period end	(390,857)	(209,585)	(725,114)	(284,550)
	398,790	(606,406)	563,042	(466,943)

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars***9. PROPERTY, PLANT AND EQUIPMENT**

Cost	Buildings and leasehold improvements	Equipment and vehicles	Land	Construction in progress	Total
	\$	\$	\$	\$	\$
At December 31, 2023	18,557,095	15,213,816	2,040,722	533,862	36,345,495
Additions	—	175,528	—	372,708	548,236
Commissioned during the period	23,345	1,888	—	(25,234)	—
At June 30, 2024	18,580,440	15,391,232	2,040,722	881,336	36,893,730

Accumulated depreciation

At December 31, 2023	3,327,300	7,704,047	—	—	11,031,347
Depreciation	486,317	1,056,988	—	—	1,543,305
At June 30, 2024	3,813,617	8,761,035	—	—	12,574,652

Net book value

At June 30, 2024	14,766,823	6,630,197	2,040,722	881,336	24,319,078
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Cost	Buildings and leasehold improvements	Equipment and vehicles	Land	Construction in progress	Total
	\$	\$	\$	\$	\$
At December 31, 2022	17,408,688	13,772,313	2,040,722	723,993	33,945,716
Additions	10,451	503,037	—	1,886,291	2,399,779
Commissioned during the period	1,137,956	938,466	—	(2,076,422)	—
At December 31, 2023	18,557,095	15,213,816	2,040,722	533,862	36,345,495

Accumulated depreciation

At December 31, 2022	2,392,598	5,597,354	—	—	7,989,952
Depreciation	934,702	2,106,693	—	—	3,041,395
At December 31, 2023	3,327,300	7,704,047	—	—	11,031,347

Net book value

At December 31, 2023	15,229,795	7,509,769	2,040,722	533,862	25,314,148
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For the six months ended June 30, 2024, depreciation of \$1,052,628 was included in production costs (June 30, 2023: \$960,525) and \$177,077 was capitalized to inventory (June 30, 2023: \$193,666).

During the three and six months ended June 30, 2024, the total amount of depreciation recognized in cost of sales was \$211,998 and \$398,572, respectively (for the three and six months ended June 30, 2023: \$219,665 and \$394,954, respectively).

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars***10. INTANGIBLE ASSETS**

	Licenses \$	Patents, trademarks and other rights \$	Total \$
Cost at December 31, 2023	1,881,749	500,000	2,381,749
Carrying amount at June 30, 2024	1,881,749	500,000	2,381,749

The intangible assets are the Health Canada license and the Wildflower™ brand. The Health Canada license was acquired in 2017 when the Company acquired all the outstanding common shares of Vintages Organic Cannabis Company Inc. for \$1,881,749. The Wildflower™ brand was acquired in 2022 for \$500,000.

11. LEASES

Information about leases for which the Company is a lessee is presented below.

a. Right-of-use assets

Cost	Office leases \$	Equipment and vehicles \$	Total \$
At December 31, 2023	172,845	97,396	270,241
At June 30, 2024	172,845	97,396	270,241
Accumulated depreciation			
At December 31, 2023	38,410	76,526	114,936
Depreciation	28,808	6,957	35,765
At June 30, 2024	67,218	83,483	150,701
Net book value			
At June 30, 2024	105,627	13,914	119,541

Cost	Office leases \$	Equipment and vehicles \$	Total \$
At December 31, 2022	358,914	97,396	456,310
Additions	172,845	—	172,845
Disposals	(358,914)	—	(358,914)
At December 31, 2023	172,845	97,396	270,241
Accumulated depreciation			
At December 31, 2022	319,035	62,612	381,647
Depreciation	78,289	13,914	92,203
Disposals	(358,914)	—	(358,914)
At December 31, 2023	38,410	76,526	114,936
Net book value			
At December 31, 2023	134,435	20,870	155,305

RUBICON ORGANICS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian dollars



b. Lease payments recognized in income (loss) from operations

The Company leases trailers for office space on a short-term basis. The lease costs for the three and six months ended June 30, 2024, of \$108,306 and \$216,612, respectively (June 30, 2023: \$128,886 and \$262,904, respectively) were expensed on a straight-line basis over the lease term.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2024	December 31, 2023
	\$	\$
Trade payables	2,215,157	1,154,283
Accrued liabilities	2,128,548	2,006,976
Excise taxes payable	3,675,547	3,047,665
Total accounts payable and accrued liabilities	8,019,252	6,208,924

13. LOANS AND BORROWINGS

The changes in the carrying value of current and non-current loans and borrowings are as follows:

	June 30, 2024	December 31, 2023
	\$	\$
Opening balance	10,259,562	10,159,516
Interest on loans	567,844	1,101,257
Interest payments	(410,610)	(741,020)
Foreign exchange (gain) loss	361,794	(260,191)
Ending balance - current	10,778,590	10,259,562

Total interest on loans for the three and six months ended June 30, 2024, was \$288,760 and \$567,844, respectively (June 30, 2023: \$274,938 and \$544,518, respectively). All interest payments due within twelve months have been translated to the Company's functional currency at the period end exchange rate and classified as current.

Management is currently in discussions with the debenture holder and other lenders to extend the term of the existing agreement or to enter into a new loan agreement.

14. DERIVATIVES

The Company has foreign exchange swap contracts (together the "Derivatives") to offset the future foreign exchange impact of the principal and interest payments on the Debenture. The foreign exchange swaps were settled on June 28, 2024 at rates from 1.2885 to 1.2894 CAD/USD. The Company has subsequently placed foreign exchange futures to match the maturity date of the Debenture, being December 31, 2024.

The change in the fair value of the Derivatives was as follows:

	\$
Balance, December 31, 2023	386,642
Change in fair value of the Derivatives	(386,642)
Balance, June 30, 2024	-

15. SHARE CAPITAL

a. Authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars***b. Issued and fully paid**

Common shares	#	\$
December 31, 2022	56,124,994	107,610,759
Vesting of RSUs	66,667	182,501
December 31, 2023	56,191,661	107,793,260
Vesting of RSUs	16,667	(6,333)
June 30, 2024	56,208,328	107,786,927

16. RESERVES**a. Options**

Under the Company's Equity Incentive Plan and Deferred Share Unit Plan (together the "Equity Plans"), the Board of Directors may grant stock options, restricted share awards, restricted share units and deferred share units ("Equity Awards") to eligible directors, officers, employees, and consultants of the Company and its subsidiaries. The Equity Plans provide for the issuance of Equity Awards that shall not exceed in aggregate 9,146,774 common shares of the Company.

The exercise price of stock options issued pursuant to the Equity Plans is determined by the Board of Directors but cannot be lower than the fair market value of the common shares subject to option on the date of grant. The options vest and become exercisable as determined by the Board of Directors at the time of the grant. Unless determined otherwise by the Board of Directors, the options expire within five years from the date of grant.

The Company has granted options to purchase common shares under the Equity Plans as follows:

	Number of options #	Weighted average exercise price \$
Outstanding, December 31, 2022	3,364,282	\$2.28
Granted	1,055,000	\$0.90
Forfeited	(92,167)	\$0.90
Expired	(1,860,750)	\$5.47
Outstanding, December 31, 2023	2,466,365	\$1.57
Granted	15,000	\$0.50
Forfeited	(75,831)	\$0.90
Expired	(50,001)	\$1.83
Outstanding, June 30, 2024	2,355,533	\$1.58

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars*

The following table provides information on stock options outstanding and exercisable as at June 30, 2024:

Expiry Date	Exercise Price	Options outstanding		Options exercisable	
		Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
July 12, 2024	\$3.25	83,333	0.03	83,333	0.03
September 20, 2024	\$3.25	3,333	0.22	3,333	0.22
December 31, 2025	\$0.85	601,999	1.50	536,583	1.50
November 16, 2026	\$2.60	10,000	2.38	6,667	2.38
July 13, 2027	\$0.86	670,200	3.04	670,200	3.04
November 30, 2027	\$0.85	145,000	3.42	65,000	3.42
June 1, 2028	\$0.90	826,668	3.52	268,333	3.52
January 17, 2029	\$0.50	15,000	4.55	—	4.55
		2,355,533	2.73	1,633,449	2.73

Option Grants

On January 17, 2024, the Company granted an aggregate of 15,000 stock options to certain employees of the Company pursuant to the Equity Plan. The options are exercisable at \$0.50 per share, for a period of 5 years. The options vest over 3 years.

The fair value of stock options is determined on the grant date. In order to compute this fair value, the Company uses the Black-Scholes option pricing model using the following estimates, judgements, and assumptions to determine the fair value of the stock options granted for the year ended June 30, 2024:

Expected stock price volatility	75.8%
Expected life of options	5 years
Risk free interest rate	3.43%
Expected dividend yield	0%
Exercise price	\$0.50
Fair value per option granted	\$0.16

During the three and six months ended June 30, 2024, the Company recognized an aggregate amount of \$23,122 and \$51,071, respectively, in share-based compensation expense pertaining to options (June 30, 2023: \$110,934 and \$221,850, respectively).

b. Warrants

The Company's outstanding warrants consisted of the following:

Issue Date	Expiry Date	Exercise Price	Number of Warrants	
			June 30, 2024	December 31, 2023
February 26, 2021	February 26, 2024	\$5.30	—	3,026,315
June 29, 2021	June 29, 2024	\$4.00	—	907,000
June 15, 2022	December 31, 2025	\$1.34	882,000	882,000
			882,000	4,815,315

Each warrant is exercisable into one common share of the Company upon payment of the exercise price. During the three and six months ended June 30, 2024, there were 907,000 and 3,026,315 warrants that expired.

RUBICON ORGANICS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian dollars



c. Restricted Share Units (“RSUs”)

During the three and six months ended June 30, 2024, the Company recognized an aggregate amount of \$284,312 and \$749,210, respectively, in share-based compensation pertaining to RSUs (June 30, 2023: \$435,750 and \$192,676, respectively). As at June 30, 2024 there were 3,371,106 RSUs outstanding (December 31, 2023: 2,026,666), of which 1,361,106 were granted during the six months ended June 30, 2024.

d. Deferred Stock Units (“DSUs”)

During the three and six months ended June 30, 2024, the Company recorded nil and \$210,000, respectively, in share-based compensation pertaining to DSUs (June 30, 2023: \$nil and \$nil). As at June 30, 2024 there were 720,000 DSUs outstanding (December 31, 2023: 300,000).

17. RELATED PARTY TRANSACTIONS

a. Related party transactions

Accounts payable and accrued liabilities at June 30, 2024, included \$nil (December 31, 2023: \$35,041) owed to executives and directors of the Company for expenses paid on behalf of the Company.

The Company has obtained a consulting agreement with its largest shareholder, a related party (the “Related Party”). In the three and six months ended June 30, 2024, the Company incurred an expense of \$12,000 and \$24,000 for consulting services (June 30, 2023: \$16,000) and \$2,250 and \$4,500 in related expenses payable to the Related Party (June 30, 2023: \$2,473).

b. Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company’s executive management team and Board of Directors. Key management compensation for the six months ended June 30, 2024 was comprised of:

	June 30, 2024	June 30, 2023
	\$	\$
Salaries and accrued salaries	504,851	483,409
Bonuses in accrued liabilities	109,375	213,250
Termination benefits	—	—
Share based compensation	541,732	170,349
Total compensation of key management personnel	1,155,958	867,008

18. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items for the six months ended:

	June 30, 2024	June 30, 2023
	\$	\$
Accounts receivable	(1,847,507)	41,371
Prepays and deposits	(259,180)	(284,559)
Inventory	(150,088)	266,961
Accounts payable and accrued liabilities	2,057,717	398,590
Interest on lease liabilities	9,914	5,891
Change in non-cash working capital items	(189,144)	428,254

As at June 30, 2024, accounts payable and accrued liabilities include \$15,983 related to capital asset additions (December 31, 2023: \$94,119).

RUBICON ORGANICS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)***Expressed in Canadian dollars*

Cash and cash equivalents consist of the following:

	June 30, 2024	December 31, 2023
	\$	\$
Cash	7,668,409	6,150,605
Cash equivalents	1,833,585	3,633,585
Total cash and cash equivalents	9,501,994	9,784,190

Cash equivalents consist of redeemable guaranteed investment certificates that are immediately convertible to cash.