



# Rubicon Organics Inc.

## **Consolidated Financial Statements**

For the years ended December 31, 2025 and 2024

*Expressed in thousands of Canadian dollars unless otherwise noted*



# Independent auditor's report

To the Shareholders of Rubicon Organics Inc.

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## Our opinion

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

## What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP  
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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

## Independence

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

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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of cannabis plants</b></p> <p>Refer to note 3 – Material accounting policies, note 4 – Critical accounting estimates and judgments and note 8 – Cannabis plants to the consolidated financial statements.</p> <p>As at December 31, 2025, the carrying amount of cannabis plants was \$2.9 million. The Company measures cannabis plants at fair value less costs to sell up to the point of harvest, which then becomes the base cost of inventories. The fair value less costs to sell of cannabis plants is determined using a valuation model that uses the expected average yield per plant and applies this to the estimated fair value less costs to sell per gram of dried cannabis flower. The significant assumptions used in determining the fair value less costs to sell of cannabis plants included comparable selling prices per gram of wholesale dried cannabis flower and expected average yield per plant.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"><li>• Evaluated the appropriateness of the valuation model used by management.</li><li>• Tested the underlying data used by management in the valuation model.</li><li>• Evaluated the reasonableness of the comparable selling prices per gram of wholesale dried cannabis flower assumption by comparing these selling prices per gram used by management to available external market data.</li><li>• Evaluated the reasonableness of the expected average yield per plant assumption by comparing the average yield of a sample of cannabis plants to the historical average yield per plant.</li></ul>

Key audit matter	How our audit addressed the key audit matter
<p>We considered this a key audit matter due to the judgment by management in determining the fair value less costs to sell estimates of the cannabis plants, including the use of significant assumptions. This resulted in a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to the significant assumptions used by management.</p>	<ul style="list-style-type: none"> <li>Performed sensitivity analyses over the significant assumptions used by management to determine the fair value less costs to sell of cannabis plants to assess the impact of changes in those assumptions on the determination of the fair value less costs to sell.</li> </ul>

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## Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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## **Auditor's responsibilities for the audit of the consolidated financial statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Vancouver, British Columbia

March 23, 2026

**RUBICON ORGANICS INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*Expressed in thousands of Canadian Dollars*



	Notes	December 31,	
		2025	December 31, 2024
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	20	\$ 3,989	\$ 9,857
Accounts receivable	5	9,295	5,828
Prepaid expenses and deposits	6	3,063	2,395
Inventories	7	16,557	10,736
Cannabis plants	8	2,927	1,835
		35,831	30,651
<b>Non-Current</b>			
Property, plant and equipment	9	28,682	23,578
Intangible assets	10	2,382	2,382
<b>Total assets</b>		\$ 66,895	\$ 56,611
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	12	\$ 10,344	\$ 9,264
Interest payable		71	57
Current portion of lease liabilities	11	51	65
Current portion of loans and borrowings	13	1,722	1,322
		12,188	10,708
<b>Non-Current</b>			
Non-current portion of lease liabilities	11	302	24
Non-current portion of loans and borrowings	13	10,348	8,478
<b>Total liabilities</b>		22,838	19,210
<b>Shareholders' equity</b>			
Share capital	15	111,931	108,303
Reserves	16	25,161	23,184
Deficit		(93,035)	(94,086)
<b>Total shareholders' equity</b>		44,057	37,401
<b>Total liabilities and shareholders' equity</b>		\$ 66,895	\$ 56,611

Approved on behalf of the Board:

(Signed) "Michael Detlefsen"  
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 Director

(Signed) "Margaret Brodie"  
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 Director and CEO

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

**RUBICON ORGANICS INC.****CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)***Expressed in thousands of Canadian Dollars, except for share information*

	Notes	For the years ended	
		December 31, 2025	December 31, 2024
<b>Revenue</b>			
Product sales		\$ 76,191	\$ 63,364
Excise taxes		(16,741)	(14,668)
<b>Net revenue</b>		<b>59,450</b>	48,696
Cost of sales		39,979	33,393
<b>Gross profit before fair value adjustments</b>		<b>19,471</b>	15,303
Fair value adjustments to cannabis plants, inventory sold, and other charges	8	2,666	117
<b>Gross profit</b>		<b>22,137</b>	15,420
<b>Operating expenses</b>			
Salaries, wages, and consulting		10,138	8,291
General and administrative		4,488	3,712
Sales and marketing		4,050	2,325
Share-based compensation	16	1,443	2,045
Depreciation and amortization	9	193	217
		<b>20,312</b>	16,590
<b>Income (loss) from operations</b>		<b>1,825</b>	(1,170)
Interest on loans	13	707	1,150
Foreign exchange loss		67	709
Fair value gain on derivatives	14	—	(467)
<b>Net income (loss) and comprehensive income (loss) for the year</b>		<b>\$ 1,051</b>	\$ (2,562)
<b>Income (loss) per share, basic</b>		<b>\$ 0.02</b>	\$ (0.04)
<b>Income (loss) per share, diluted</b>		<b>\$ 0.02</b>	\$ (0.04)
<b>Weighted average number of shares outstanding, basic</b>		<b>65,913,856</b>	57,546,636
<b>Weighted average number of shares outstanding, diluted</b>		<b>66,942,735</b>	58,527,189

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

**RUBICON ORGANICS INC.**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
*Expressed in thousands of Canadian Dollars, except for share information*


	Notes	Number of Shares	Share Capital	Share-Based Reserves	Warrant Reserve	Reserves	Deficit	Total Shareholders' Equity
<b>Balance, January 1, 2024</b>		<b>56,191,661</b>	<b>\$ 107,793</b>	<b>\$ 13,895</b>	<b>\$ 7,729</b>	<b>\$ 21,624</b>	<b>\$ (91,524)</b>	<b>\$ 37,893</b>
Share-based compensation	16	—	—	2,045	—	2,045	—	2,045
Vesting of RSUs		66,666	183	(183)	—	(183)	—	—
Shares issued for debt settlement		59,764	25	—	—	—	—	25
Vesting of DSUs		210,000	302	(302)	—	(302)	—	—
Net loss for the year		—	—	—	—	—	(2,562)	(2,562)
<b>Balance, December 31, 2024</b>		<b>56,528,091</b>	<b>\$ 108,303</b>	<b>\$ 15,455</b>	<b>\$ 7,729</b>	<b>\$ 23,184</b>	<b>\$ (94,086)</b>	<b>\$ 37,401</b>
<b>Balance, January 1, 2025</b>		<b>56,528,091</b>	<b>\$ 108,303</b>	<b>\$ 15,455</b>	<b>\$ 7,729</b>	<b>\$ 23,184</b>	<b>\$ (94,086)</b>	<b>\$ 37,401</b>
Share-based compensation	16	—	—	1,443	—	1,443	—	1,443
Vesting of RSUs		420,415	266	(266)	—	(266)	—	—
Share issuance – private placement	15	10,227,265	3,362	—	800	800	—	4,162
Net income for the year		—	—	—	—	—	1,051	1,051
<b>Balance, December 31, 2025</b>		<b>67,175,771</b>	<b>\$ 111,931</b>	<b>\$ 16,632</b>	<b>\$ 8,529</b>	<b>\$ 25,161</b>	<b>\$ (93,035)</b>	<b>\$ 44,057</b>

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

**RUBICON ORGANICS INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*Expressed in thousands of Canadian Dollars*



	Notes	For the years ended	
		December 31, 2025	December 31, 2024
<b>OPERATING ACTIVITIES</b>			
Net income (loss) for the year		\$ 1,051	\$ (2,562)
Adjustments to reconcile net income (loss) to cash from operating activities:			
Fair value adjustments to cannabis plants, inventory sold, and other charges	8	(2,666)	(117)
Depreciation and amortization	9	3,360	3,271
Share-based compensation	16	1,443	2,070
Interest on loans	13	707	1,150
Foreign exchange loss		71	632
Fair value gain on derivatives	14	—	(467)
Changes in non-cash working capital items	20	(7,005)	(578)
<b>Cash (used in) provided by operating activities</b>		<b>(3,039)</b>	<b>3,399</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	9	(8,416)	(1,545)
<b>Cash used in investing activities</b>		<b>(8,416)</b>	<b>(1,545)</b>
<b>FINANCING ACTIVITIES</b>			
Net proceeds of equity financing	15	4,162	—
Proceeds from loans and borrowings (net of costs)	13	2,967	9,801
Principal payments	13	(732)	(11,212)
Interest paid	13,20	(658)	(1,153)
Repayment of lease liabilities	11	(72)	(63)
Settlement of derivatives		—	853
<b>Cash provided by (used in) financing activities</b>		<b>5,667</b>	<b>(1,774)</b>
Effect of exchange rate changes on cash		(80)	(7)
<b>Net (decrease) increase in cash and cash equivalents during the year</b>		<b>(5,868)</b>	<b>73</b>
Cash and cash equivalents, beginning of year		9,857	9,784
<b>Cash and cash equivalents, end of year</b>		<b>\$ 3,989</b>	<b>\$ 9,857</b>

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

# RUBICON ORGANICS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Expressed in thousands of Canadian dollars unless otherwise noted*



### 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 "Pacifica Facility") which it sells under its wholly owned brands and certain wholesale channels. In June 2025, Rubicon acquired a purpose-built 47,500 square foot indoor cultivation facility located in Hope, British Columbia (the "Cascadia Facility") for \$4,500. The Company obtained its licensing for the Cascadia Facility under the Cannabis Act by Health Canada in October 2025.

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 701, 744 West Hastings Street, Vancouver, British Columbia V6C 1A5.

### 2. BASIS OF PREPARATION

#### Basis of presentation

##### a. Compliance with IFRS

The consolidated financial statements ("financial statements") of the Company have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS® Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC® Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations).

These financial statements were approved for issuance by the Board of Directors on March 23, 2026.

##### b. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities and cannabis plants which are measured at fair value.

##### c. Functional and presentation currency

These financial statements are presented in thousands of Canadian dollars ("C\$"), unless otherwise noted, which is the Company's functional currency. For the current year, the Company has changed its rounding convention from whole dollars to thousands of dollars. Comparative figures have been adjusted to conform to this presentation. This change has no impact on previously reported financial information.

##### d. Change in Presentation

In the current year, the Company revised the presentation of its consolidated statements of income (loss) and comprehensive income (loss) by aggregating previously disaggregated cost-of-sales components into a single "Cost of Sales" line item. Management believes this revised presentation provides more relevant and understandable information and aligns with the Company's internal reporting and analysis.

Comparative figures have been updated to reflect this presentation change. This change in presentation has no impact on total expenses, net income, or equity for any period presented.

**Accounting Pronouncements***New accounting standards, amendments and interpretations not yet adopted*

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard aims to improve the quality of financial reporting by: (i) requiring defined subtotals in the statement of profit or loss; (ii) requiring disclosure about management defined performance measures; and (iii) adding new principles for aggregation and disaggregation of information. The new standard will be effective for annual periods beginning on or after January 1, 2027. The Company is in the process of assessing the impact of the standard on the consolidated financial statements.

In May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 in response to practical implementation issues and to introduce new requirements applicable to both financial institutions and corporate entities. These amendments aim to enhance the clarity and consistency of financial reporting for various types of financial instruments and their related disclosures by (i) clarifying the date of recognition and derecognition for certain financial assets and liabilities, including a new exception for financial liabilities settled through an electronic cash transfer system (ii) providing help to determine whether a financial asset meets the Solely Payments of Principal and Interest (SPPI) criterion (iii) introducing new disclosures for instruments with contractual terms that may alter cash flows, such as financial instruments linked to the achievement of environmental, social, and governance (ESG) targets, and (iv) updating the disclosure requirements for equity instruments designated at fair value through other comprehensive income (FVOCI). The new standard will be effective for annual periods beginning on or after January 1, 2026. With respect to financial liabilities settled in cash using an electronic payment system, the Company expects to apply the election to deem these financial liabilities to be discharged before the settlement date. The Company will continue to assess the impact of the standard on the consolidated financial statements during its quarterly reporting.

**Basis of consolidation**

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Entities in Rubicon's financial statements are as follows:

<b>Name</b>	<b>Place of Incorporation</b>	<b>Ownership Percentage</b>
Rubicon Holdings Corp. ("RHC") <sup>1</sup>	BC, Canada	100%
West Coast Marketing Corp. ("WCMC") <sup>2</sup>	BC, Canada	100%

<sup>1</sup> Formerly Rubicon Organics Canada Corp.

<sup>2</sup> Effective January 1, 2024, the Company amalgamated WCMC into RHC



**3. MATERIAL ACCOUNTING POLICIES**

**a. Cash and cash equivalents**

Cash and cash equivalents includes cash deposits in financial institutions and other deposits that are highly liquid and readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash represents security deposits for credit cards and electronic fund transfers.

**b. Cannabis plants**

The Company's cannabis plants consist of cannabis plants and seeds. Cannabis plants are measured at their fair value less costs to sell up to the point of harvest in accordance with *IAS 41 – Agriculture*. Fair value at the point of harvest becomes the base cost of inventories. Fair value is 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. The Company then measures and adjusts the cannabis plants to the fair value less cost to sell. Unrealized gains or losses arising from changes in the fair value of cannabis plants are included in the consolidated statements of loss and comprehensive loss of the related year. Seeds are measured at cost which approximates fair value.

**c. Production costs**

The Company expenses the direct and indirect costs related to the biological transformation of cannabis plants prior to harvest as incurred. Production costs include labour related costs, cultivation materials and consumables, utilities, facility costs and production related depreciation. Production costs are included within cost of sales on the consolidated statements of income (loss) and comprehensive income (loss).

**d. Inventories**

Inventories consist of finished goods, work in progress, packaging materials and unused consumable inventory used in propagation and transformation of the Company's cannabis plants. Inventories are measured at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from cannabis plants at their fair value less costs to sell at harvest which becomes the base cost of work in process inventory. Any subsequent post-harvest costs are capitalized unless they exceed net realizable value, at which point they are expensed. Post-harvest costs include any direct labour related costs, packaging supplies and consumables, utilities, facilities costs, quality and testing costs, and related depreciation. Net realizable value is determined as the comparable selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value.

**e. Property, plant and equipment**

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis over its useful life as outlined below:

<b>Asset type</b>	<b>Reporting Category</b>	<b>Useful Life</b>
Computer equipment and software	Equipment and vehicles	3 years
Office equipment	Equipment and vehicles	3 years
Propagation equipment	Equipment and vehicles	3 years
Greenhouse equipment	Equipment and vehicles	5-7 years
Extraction lab equipment	Equipment and vehicles	7 years
Security equipment	Equipment and vehicles	7 years
Vehicles	Equipment and vehicles	5 years
Cultivation facilities and improvements	Buildings and leasehold improvements	20 years
Residential building and improvements	Buildings and leasehold improvements	30 years

An asset's residual value, useful life and depreciation method are reviewed at each reporting period and adjusted if appropriate. Land and construction in progress are stated at cost. Once available for service, depreciation is provided over the estimated useful life of each class of depreciable asset. Improvements which increase the useful life of property



and equipment and replacements of major components of property and equipment are capitalized, while maintenance, repairs, and minor replacements are expensed as incurred.

An asset is classified as under construction if the Company is currently constructing it and it is not yet ready to be used for its final intended purpose. Assets under construction are measured at cost with no depreciation. Once an item is ready for its intended use, it is reclassified to its appropriate asset category and depreciated accordingly.

Gains and losses on disposal of an asset are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in profit or loss.

Long-lived assets, including property, plant and equipment are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

**f. Indefinite life intangible assets**

Indefinite life intangible assets are recorded at cost less impairment losses, if any. Indefinite life intangible assets are tested for impairment annually or more frequently if events or circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (i.e. cash-generating units).

**g. Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares and warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new common shares are shown as a deduction, net of tax, from the proceeds. When equity offerings consist of common shares issued with attached share purchase warrants, if both instruments are classified as equity, the net proceeds are allocated based on the relative fair value of each component of equity. In determining the fair value of warrants that are not publicly traded, the Company uses the Black-Scholes option pricing model.

**h. Share-based compensation**

The Company has an equity award plan. The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest.

Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate.

Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from share-based reserve to share capital.

**i. Income taxes**

Income tax expense includes current and deferred income taxes.

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount to be expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax related to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax filings with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred income tax**

Deferred income tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**j. Financial instruments**

All financial instruments are initially recorded at fair value at the time of acquisition. The Company classifies financial instruments in accordance with IFRS 9 - *Financial Instruments*, into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of transaction.

**Financial assets**

All financial assets are initially recorded at fair value and classified upon inception into one of the following categories: amortized cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI").

Financial assets classified as amortized cost are initially recognized at fair value plus directly attributed transaction costs. After initial recognition, these financial assets are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. Regular purchases and sales of FVTPL financial assets are accounted for at the trade date, as opposed to the settlement date.

### Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. Financial liabilities at amortized cost are initially recorded at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

### Financial instrument classification

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Derivatives	Fair value through profit or loss
Security deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Interest payable	Amortized cost
Loans and borrowings	Amortized cost

The fair values of cash and cash equivalents, accounts receivable, security deposits, accounts payable and accrued liabilities and interest payable approximate their carrying amounts due to the short-term maturity of those instruments.

### Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction, discounted cash flow analysis or other valuation models.

### k. Segment information

Operating segments are components of the Company that engages in business activities from which they earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the Company), the operations of which can be clearly distinguished, and the operating results of which are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation and assessing its performance. The Company's CODM has been identified as the Chief Executive Officer ("CEO").

Management has determined that the Company operates in a single reportable segment, being the production and sale of cannabis in Canada. All non-current assets other than financial instruments are located within Canada.

### l. Revenue from contracts with customers

Revenue is recognized at the amount of consideration that the Company expects to be entitled to in exchange for transferring promised goods to a customer. Revenue from the sale of goods is recognized when control of the goods has transferred, as determined by respective shipping terms and subject to certain additional considerations, as this is when the Company has satisfied its performance obligation under the contract. The Company does not have performance obligations after the delivery of goods to customers. Net revenue is presented net of applicable excise taxes, as well as a variable sales allowance to account for the potential return of goods.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Estimates by their nature are uncertain. The impacts of such estimates could be pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following accounting policies are subject to such judgments and because of the uncertainty associated with the estimation process they could have the most significant impact on the reported results and financial position:

**a. Valuation of cannabis plants**

Cannabis plants are measured at their fair value less costs to sell up to the point of harvest. Determination of the fair value of cannabis plants requires management to estimate comparable selling prices and expected average yields to bring harvested cannabis to bulk inventory. Refer to Note 8 for further details.

**b. Impairment of Intangible Assets**

The determination of the fair value and value in use of intangible assets involves significant judgment and estimation. Changes in market conditions, the expected renewal terms for the Health Canada licenses, or the future economic performance of the Wildflower™ brand could impact the carrying value of these intangible assets and the conclusions drawn from impairment testing. The Company regularly evaluates these factors and updates its estimates as necessary. Refer to Note 10 for further details.

**c. Valuation of share-based transactions**

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, determined using historical volatility, and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 16.

**d. Return allowance**

The Company estimates a return allowance on invoiced sales using a tiered structure which considers whether the product was produced in-house or by a third-party and whether the product was an existing SKU or new innovation. A different return allowance percentage is applied to each of these product categories based on historical actual returns.

**e. Inventory net realizable value**

The Company uses judgment in determining the net realizable value of inventory. When assessing net realizable value, the Company considers the impact of product quality, age, spoilage, expected future demand, expected future use, and price fluctuation.

**5. ACCOUNTS RECEIVABLE**

	<b>December 31, 2025</b>	December 31, 2024
Trade receivables	<b>\$ 9,049</b>	\$ 5,621
Sales taxes recoverable	<b>246</b>	207
<b>Total accounts receivable</b>	<b>\$ 9,295</b>	\$ 5,828

Trade receivables arise from sales of cannabis to distributors and retailers in Canada. As at December 31, 2025, 92% of trade receivables were with provincial government cannabis distributors (December 31, 2024: 94%). Trade

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receivables are net of a \$798 provision for returns (December 31, 2024: \$719).

For the year ended December 31, 2025, the Company had four customers (December 31, 2024: four customers) that individually represented more than 10% and together constituted 95% (December 31, 2024: 98%), of the Company's net revenue. Direct sales to provincial government cannabis distributors accounted for 96% of revenue (December 31, 2024: 98%).

The estimated credit losses provision was \$nil for the years ended December 31, 2025 and 2024.

### 6. PREPAID EXPENSES AND DEPOSITS

	December 31, 2025		December 31, 2024
Prepaid expenses	\$ 1,022	\$	589
Deposits	1,591		1,378
Prepaid excise tax expense	450		428
<b>Total prepaid expenses and deposits</b>	<b>\$ 3,063</b>	<b>\$</b>	<b>2,395</b>

As at December 31, 2025, \$370 of the deposits balance was related to property, plant and equipment (December 31, 2024: \$110).

### 7. INVENTORIES

Inventory as at December 31, 2025 and December 31, 2024 consisted of consumable inventory used in the propagation and transformation of the Company's cannabis plants, work in process ("WIP") inventory and finished goods.

	December 31, 2025		December 31, 2024
Consumable inventory	\$ 2,033	\$	1,797
WIP inventory	12,874		8,076
Finished goods	1,650		863
<b>Total inventories</b>	<b>\$ 16,557</b>	<b>\$</b>	<b>10,736</b>

At December 31, 2025, WIP inventory and finished goods include \$6,613 of non-cash fair value of cannabis plants transferred upon harvest (December 31, 2024: \$5,040).

At December 31, 2025, \$707 of consumable inventory is expected to be utilized more than twelve months after the reporting period (December 31, 2024: \$931).

### 8. CANNABIS PLANTS

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

<b>Balance, December 31, 2024</b>	<b>\$ 1,835</b>
Change in fair value of cannabis plants	17,155
Transferred to inventory upon harvest	(16,063)
<b>Balance, December 31, 2025</b>	<b>\$ 2,927</b>

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 71.8 grams per plant (December 31, 2024: 63.5 grams per plant); and
- comparable selling price of wholesale dried cannabis flower ranging from \$1.24 to \$1.50 per gram (December

**RUBICON ORGANICS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***Expressed in thousands of Canadian dollars unless otherwise noted*

31, 2024: \$1.41 to \$1.65 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 year ended December 31, 2025, the Company determined the weighted average fair value less costs to sell was approximately \$1.46 per dried gram (December 31, 2024: \$1.60 per dried gram).

The Company has quantified the sensitivity of the significant unobservable inputs used to calculate the fair value recorded. An increase/decrease in the comparable selling price per gram of 10% would result in an increase/decrease in the value of cannabis plants of \$389. An increase/decrease in the expected average yield per plant of 10% would result in an increase/decrease in the value of cannabis plants of \$293.

The number of weeks in the growth cycle is eleven to sixteen weeks from propagation to harvest. As at December 31, 2025, the cannabis plants were estimated to be, on average, 43% complete (December 31, 2024: 32% complete).

The fair value adjustment to cannabis plants, inventory sold, and other charges for the years ended December 31, 2025 and December 31, 2024, is comprised of the following:

	<b>For the years ended</b>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Unrealized gain on changes in fair value of cannabis plants	\$ 17,155	\$ 13,124
Realized fair value of inventory sold	(12,999)	(11,855)
Adjustment to net realizable value of inventory on hand at year end	(1,490)	(1,152)
	<b>\$ 2,666</b>	<b>\$ 117</b>

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### 9. PROPERTY, PLANT AND EQUIPMENT

Cost	Buildings & leasehold improvements	Equipment & vehicles	Land	Construction in progress	Right-of-Use Assets	Total
At December 31, 2024	\$ 19,621	\$ 15,954	\$ 2,041	\$ 69	\$ 270	\$ 37,955
Additions	29	304	—	7,903	360	8,596
Commissioned during the period	4,978	2,826	—	(7,804)	—	—
Disposals	—	—	—	—	(173)	(173)
<b>At December 31, 2025</b>	<b>\$ 24,628</b>	<b>\$ 19,084</b>	<b>\$ 2,041</b>	<b>\$ 168</b>	<b>\$ 457</b>	<b>\$ 46,378</b>

#### Accumulated depreciation

At December 31, 2024	\$ 4,364	\$ 9,827	\$ —	\$ —	\$ 186	\$ 14,377
Depreciation	1,144	2,252	—	—	62	3,458
Disposals	—	—	—	—	(139)	(139)
<b>At December 31, 2025</b>	<b>\$ 5,508</b>	<b>\$ 12,079</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 109</b>	<b>\$ 17,696</b>

#### Net book value

<b>At December 31, 2025</b>	<b>\$ 19,120</b>	<b>\$ 7,005</b>	<b>\$ 2,041</b>	<b>\$ 168</b>	<b>\$ 348</b>	<b>\$ 28,682</b>
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Cost	Buildings & leasehold improvements	Equipment & vehicles	Land	Construction in progress	Right-of-Use Assets	Total
At December 31, 2023	\$ 18,557	\$ 15,213	\$ 2,041	\$ 534	\$ 270	\$ 36,615
Additions	526	77	—	737	—	1,340
Commissioned during the period	538	664	—	(1,202)	—	—
<b>At December 31, 2024</b>	<b>\$ 19,621</b>	<b>\$ 15,954</b>	<b>\$ 2,041</b>	<b>\$ 69</b>	<b>\$ 270</b>	<b>\$ 37,955</b>

#### Accumulated depreciation

At December 31, 2023	\$ 3,327	\$ 7,704	\$ —	\$ —	\$ 114	\$ 11,145
Depreciation	1,037	2,123	—	—	72	3,232
<b>At December 31, 2024</b>	<b>\$ 4,364</b>	<b>\$ 9,827</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 186</b>	<b>\$ 14,377</b>

#### Net book value

<b>At December 31, 2024</b>	<b>\$ 15,257</b>	<b>\$ 6,127</b>	<b>\$ 2,041</b>	<b>\$ 69</b>	<b>\$ 84</b>	<b>\$ 23,578</b>
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# RUBICON ORGANICS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended December 31, 2025, depreciation of \$2,338 was included in production costs (December 31, 2024: \$2,168) and \$341 was capitalized to inventory (December 31, 2024: \$382).

During the year ended December 31, 2025, the total amount of depreciation recognized in cost of sales was \$829 (December 31, 2024: \$464).

During the year ended December 31, 2025, the Company acquired the Cascadia Facility for total consideration of \$4,500. The facility has been deemed available for use in the manner intended by management, as cultivation operations in Cascadia have begun. As at December 31, 2025, total depreciation of \$89 was recorded on these assets.

### 10. INTANGIBLE ASSETS

<b>Cost and carrying amount</b>	<b>Licenses</b>	<b>Patents, trademarks and other rights</b>	<b>Total</b>
At December 31, 2024	\$ 1,882	\$ 500	\$ 2,382
<b>At December 31, 2025</b>	<b>\$ 1,882</b>	<b>\$ 500</b>	<b>\$ 2,382</b>

The intangible assets are the Health Canada licenses and the Wildflower™ brand. Pacifica's Health Canada license was acquired in 2017 when RHC acquired all the outstanding common shares of Vintages Organic Cannabis Company Inc. for \$1,882. The Wildflower™ brand was acquired on October 5, 2022, for \$500. The Health Canada license was measured at fair value at the time of acquisition. During the year ended December 31, 2025, Cascadia obtained its Health Canada license. The Wildflower™ brand was measured at cost at the time of acquisition. Both intangible assets have an indefinite life. The Company expects to renew the licenses at each expiry date indefinitely and expects the Wildflower™ brand to generate economic benefit in perpetuity. The annual impairment tests were performed as at December 31, 2025 and it was determined that no impairment was required for either intangible asset.

#### a. Health Canada licenses

The Company performed its annual impairment test on December 31, 2025 and 2024. The licenses are grouped together with the company's operating assets as a single cash-generating unit ("CGU") which is judged to be the lowest level for which there are separately identifiable cash flows. The recoverable amount of the CGU was determined based on value in use calculations which require the use of assumptions. Management determined the key assumptions as follows: (i) the calculations use cash flow projections based on financial budgets approved by management covering a 5 year period; (ii) a growth rate of 2% was used to extrapolate the cash flow projections which is consistent with forecasts included in industry reports specific to the industry in which the CGU operates; (iii) the cash flows are discounted using a pre-tax discount rate based on the Company's weighted average cost of capital calculated to be 21%.

#### b. Wildflower™ brand

The Company performed its annual impairment test on December 31, 2025 and 2024. The Wildflower™ brand is tested as a separate cash-generating unit ("CGU"), and its operating assets are assessed independently without being grouped with other assets, which is judged to be the lowest level for which there are separately identifiable cash flows. The recoverable amount of the asset was determined based on value in use calculations which require the use of assumptions. Management determined the key assumptions as follows: (i) the calculations use cash flow projections based on financial budgets approved by management covering a 5 year period; (ii) the cash flows are discounted using a discount rate based on the Company's current rate of borrowing to be 6.76%.

**RUBICON ORGANICS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***Expressed in thousands of Canadian dollars unless otherwise noted***11. LEASES**

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

<b>At December 31, 2023</b>	<b>\$ 142</b>
Lease payments	(71)
Interest expense on lease liability	18
<b>At December 31, 2024</b>	<b>89</b>
Lease additions	360
Lease terminations	(41)
Lease payments	(72)
Interest expense on lease liability	17
<b>At December 31, 2025</b>	<b>353</b>
<b>Less: current portion</b>	<b>51</b>
<b>Non-current portion of lease liabilities</b>	<b>\$ 302</b>

In the twelve months ended December 31, 2025, the Company signed a new office lease agreement and terminated its existing agreement early. As a result of this, the right-of-use asset related to the old lease was derecognized for a total of \$173. Accumulated depreciation of \$139 and lease liabilities of \$41 related to the same lease were also written off resulting in a net gain on disposal of \$8, which has been recognized in the consolidated statements of income (loss) and comprehensive income (loss). A corresponding right-of-use asset related to the new office lease agreement was capitalized in the amount of \$360 on November 1, 2025, and has accumulated depreciation of \$12 as of December 31, 2025.

***Lease payments recognized in profit from operations***

The Company leases trailers for office space and additional housing for the Company's temporary foreign workers. The lease costs for the year ended December 31, 2025, of \$448 (December 31, 2024: \$472) were expensed on a straight-line basis over the lease term.

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>December 31, 2025</b>	December 31, 2024
Trade payables	<b>\$ 1,519</b>	\$ 1,781
Accrued liabilities	<b>3,922</b>	3,424
Excise taxes payable	<b>4,903</b>	4,059
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 10,344</b>	\$ 9,264

The Company remits excise taxes to the CRA on a quarterly basis, and the excise taxes payable represent the amount owing from fourth quarter sales and was due January 31, 2026. The Company has paid the outstanding amount prior to the due date and remains current on its excise tax payable.

**RUBICON ORGANICS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***Expressed in thousands of Canadian dollars unless otherwise noted***13. LOANS AND BORROWINGS**

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

	<b>Capital Loan</b>	<b>Credit Facilities</b>	<b>Total</b>
At December 31, 2024	\$ —	\$ 9,800	\$ 9,800
Loan received	2,967	—	2,967
Interest on loans	17	690	707
Interest payments	(17)	(655)	(672)
Principal payments	—	(732)	(732)
<b>At December 31, 2025</b>	<b>2,967</b>	<b>9,103</b>	<b>12,070</b>
<b>Less: current portion</b>	<b>397</b>	<b>1,325</b>	<b>1,722</b>
<b>Non-current loans and borrowings</b>	<b>\$ 2,570</b>	<b>\$ 7,778</b>	<b>\$ 10,348</b>

	<b>Debenture</b>	<b>Credit Facilities</b>	<b>Total</b>
At December 31, 2023	\$ 10,260	\$ —	\$ 10,260
Loan received	—	9,801	9,801
Interest on loans	1,084	66	1,150
Interest payments	(761)	(63)	(824)
Principal payments	(11,208)	(4)	(11,212)
Foreign exchange loss	625	—	625
<b>At December 31, 2024</b>	<b>—</b>	<b>9,800</b>	<b>9,800</b>
<b>Less: current portion</b>	<b>—</b>	<b>1,322</b>	<b>1,322</b>
<b>Non-current loans and borrowings</b>	<b>\$ —</b>	<b>\$ 8,478</b>	<b>\$ 8,478</b>

**Debenture**

The Company's secured debenture (the "Debenture"), which was classified as a compound financial instrument with a liability and equity component, bore interest at 7.5% per annum and matured on December 31, 2024. The Debenture was fully repaid on December 31, 2024.

**Credit Facilities**

On November 28, 2024, the Company entered into credit agreements (the "Credit Facilities") with Community Savings Credit Union ("CSCU") and another lender (collectively, the "Lenders"), for an aggregate borrowing of \$10,000. The Credit Facilities are secured loans with a term of five years and an amortization period of ten years, bearing interest at an annual rate of 6.75%, which is repaid on a monthly basis. The Credit Facilities are secured by first-ranking security interests in all present and after-acquired personal property of the Company, with the first-ranking security interests held pari passu between the Lenders. The funds from the Credit Facilities were used to fully repay the Debenture principal amount of US\$8,000 owed by the Company, which matured on December 31, 2024. Refer to Note 21 for covenants disclosure.

**Capital Loan**

On December 2, 2025, the Company entered into additional credit agreements (the "Credit Agreements") with CSCU, for an aggregate borrowing of up to \$4,000. The Credit Agreements consist of a \$3,000 capital loan (the "Capital Loan"), with a term of five years and an amortization period of ten years, bearing interest at an annual rate of 6.79% per annum; and a \$1,000 line of credit which bears interest at a rate of CSCU Basic Lending Rate plus 5.50%, calculated on a monthly basis. The Credit Agreements are secured against the Cascadia Facility. For the year ended December 31, 2025, the Company has not drawn into the Line of Credit.

Total interest on loans for the year ended December 31, 2025, was \$707 (December 31, 2024: \$1,150). All interest payments due within twelve months are classified as current.

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### 14. DERIVATIVES

The Company entered foreign exchange swap contracts (together the “Derivatives”) to offset the future foreign exchange impact of the principal and interest payments on the Debenture, which were settled on June 28, 2024 at rates from 1.2885 to 1.2894 CAD/USD. During July 2024, the Company placed foreign exchange futures to match the maturity date of the Debenture, being December 31, 2024. The foreign exchange futures were settled on December 4, 2024 at rates from 1.3744 to 1.3737 CAD/USD.

The Company did not hold or enter into any Derivatives during the year ended December 31, 2025.

### 15. SHARE CAPITAL

#### a. Authorized

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

#### b. Issued and fully paid

<b>Common shares</b>			
<b>December 31, 2023</b>	<b>56,191,661</b>	<b>\$</b>	<b>107,793</b>
Vesting of RSUs	66,666		183
Vesting of DSUs	210,000		302
Shares for Debt	59,764		25
<b>December 31, 2024</b>	<b>56,528,091</b>		<b>108,303</b>
Vesting of RSUs	420,415		266
Non-brokered private placement, net of financing costs	10,227,265		3,362
<b>December 31, 2025</b>	<b>67,175,771</b>	<b>\$</b>	<b>111,931</b>

On May 7, 2025, the Company closed a non-brokered private placement (the “Offering”). Pursuant to the Offering, the Company issued 10,227,265 units, each comprised of one common share and one-half of one common share purchase warrant (each, a “Unit”) for gross proceeds of \$4,500. Each full share purchase warrant had an exercise price of \$0.70 with an expiry date of May 7, 2027. The warrants are accounted for as equity-settled share-based payments as the obligation will be settled through the issuance of common shares. In connection with the Offering, the Company incurred share issuance costs of \$338 that were recorded to share capital. The proceeds were allocated on a pro-rata basis between the respective standalone fair values of the shares and warrants.

### 16. RESERVES

#### a. Options

Under the Company’s Equity Incentive Plan and Deferred Share Unit Plan (together the “Legacy Plans”), the Board of Directors granted 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.

On July 31, 2024, the shareholders approved the Company’s new Omnibus Equity Incentive Plan. This plan is a fixed plan which provides that the aggregate maximum number of Common Shares that may be issued upon the exercise or settlement of awards granted under the plan is 4,846,192 Common Shares. The Omnibus Equity Incentive Plan replaces the Company’s Legacy Plans, and as such, no further grants can be made under the Legacy Plans.

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.

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The following table provides a summary of the changes in stock options for the years ended December 31, 2025 and 2024:

	Number of options	Weighted average exercise price
<b>Outstanding, December 31, 2023</b>	<b>2,466,365</b>	<b>\$1.57</b>
Granted	15,000	\$0.50
Forfeited	(97,499)	\$0.78
Expired	(227,833)	\$1.98
<b>Outstanding, December 31, 2024</b>	<b>2,156,033</b>	<b>\$1.54</b>
Forfeited	(56,500)	\$0.90
Expired	(559,333)	\$0.86
<b>Outstanding, December 31, 2025</b>	<b>1,540,200</b>	<b>\$1.81</b>

The following table provides information on stock options outstanding and exercisable as at December 31, 2025:

Expiry Date	Options outstanding			Options exercisable	
	Exercise Price	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
November 16, 2026	\$0.85	70,000	0.88	70,000	0.88
July 13, 2027	\$0.86	640,200	1.53	640,200	1.53
November 30, 2027	\$0.85	145,000	1.92	145,000	1.92
January 6, 2028	\$0.90	685,000	2.02	456,666	2.02
		<b>1,540,200</b>	<b>1.75</b>	<b>1,311,866</b>	<b>1.71</b>

### 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. There were no options granted in the year ended December 31, 2025.

The fair value of stock options is determined on the grant date. 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 years ended December 31, 2025 and 2024:

	2025	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 year ended December 31, 2025, the Company recognized \$20 in share-based compensation expense related to options (December 31, 2024: \$104).

**RUBICON ORGANICS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***Expressed in thousands of Canadian dollars unless otherwise noted***b. Warrants**

The following table provides information on warrants outstanding as at December 31, 2025 and 2024:

Issue Date	Expiry Date	Exercise Price	Number of Warrants	
			2025	2024
June 15, 2022	December 31, 2025	\$1.34	—	882,000
May 7, 2025	May 7, 2027	\$0.70	5,341,963	—

Each warrant is exercisable into one common share of the Company upon payment of the exercise price.

**c. Restricted Share Units (“RSUs”)**

The following table provides a summary of the changes in RSUs for the years ended December 31, 2025 and 2024:

	Number of RSUs
<b>Outstanding, December 31, 2023</b>	<b>2,026,666</b>
Granted	1,361,106
Vested	(66,666)
<b>Outstanding, December 31, 2024</b>	<b>3,321,106</b>
Granted	809,712
Vested	(420,415)
Expired and cancelled	(1,169,859)
<b>Outstanding, December 31, 2025</b>	<b>2,540,544</b>

During the year ended December 31, 2025, the Company recognized \$797 in share-based compensation related to RSUs (December 31, 2024: \$1,396).

**d. Deferred Stock Units (“DSUs”)**

The following table provides a summary of the changes in DSUs for the years ended December 31, 2025 and 2024:

	Number of DSUs
<b>Outstanding, December 31, 2023</b>	<b>300,000</b>
Granted	1,876,692
Vested	(210,000)
<b>Outstanding, December 31, 2024</b>	<b>1,966,692</b>
Granted	1,024,576
<b>Outstanding, December 31, 2025</b>	<b>2,991,268</b>

During the year ended December 31, 2025, the Company recognized \$539 in share-based compensation related to DSUs (December 31, 2024: \$545).

**RUBICON ORGANICS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***Expressed in thousands of Canadian dollars unless otherwise noted***e. Performance Share Units (“PSUs”)**

The following table provides a summary of the changes in PSUs for the years ended December 31, 2025 and 2024:

	<b>Number of PSUs</b>
<b>Outstanding, December 31, 2023</b>	—
<b>Outstanding, December 31, 2024</b>	—
Granted	809,712
Expired and cancelled	(141,942)
<b>Outstanding, December 31, 2025</b>	<b>667,770</b>

During the year ended December 31, 2025, the Company recognized \$87 in share-based compensation related to PSUs (December 31, 2024: \$nil).

**17. RELATED PARTY TRANSACTIONS****a. Related party transactions**

Accounts payable and accrued liabilities at December 31, 2025, included \$26 (December 31, 2024: \$28) owed to executives and directors of the Company for expenses paid on behalf of the Company.

The Company obtained a consulting agreement with its largest shareholder, a related party (the “Related Party”) which was terminated in September 2024. During the year ended December 31, 2025, the Company incurred an expense of \$nil for consulting services (December 31, 2024: \$36), and \$nil in related expenses payable to the Related Party for consulting services (December 31, 2024: \$7).

**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 year ended December 31, 2025, and December 31, 2024, was comprised of:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Salaries and accrued salaries	\$ 986	\$ 997
Bonuses in accrued liabilities	357	313
Share based compensation	1,144	1,200
<b>Total compensation of key management personnel</b>	<b>\$ 2,487</b>	<b>\$ 2,510</b>

**RUBICON ORGANICS INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***Expressed in thousands of Canadian dollars unless otherwise noted***18. CURRENT AND DEFERRED INCOME TAX**

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the combined federal and provincial (British Columbia) statutory corporate income tax rate as follows:

	<b>December 31, 2025</b>	December 31, 2024
Net (income) loss before tax	\$ (1,051)	\$ 2,562
Current statutory income tax rate	<b>27%</b>	27%
Expected income tax (expense) recovery based on statutory rate	<b>(284)</b>	692
Change in unrecognized deferred tax assets	<b>703</b>	103
Tax effect of amounts which are not deductible in calculating taxable income:		
Share based compensation	<b>(389)</b>	(552)
Other	<b>(30)</b>	(243)
<b>Total income tax recovery (expense)</b>	<b>\$ —</b>	<b>\$ —</b>

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The following is a reconciliation of the deferred tax assets and liabilities recognized by the Company:

	<b>December 31, 2025</b>	December 31, 2024
<b>Deferred tax assets</b>		
Non-capital loss carry forwards	\$ 1,911	\$ 1,200
Returns provision	<b>215</b>	194
Fair value inventory adjustments	<b>189</b>	126
Financing costs	<b>123</b>	95
Leases	<b>95</b>	24
Other	<b>50</b>	51
<b>Total deferred tax assets</b>	<b>\$ 2,583</b>	<b>\$ 1,690</b>
<b>Deferred tax liabilities</b>		
Inventory and biological assets	\$ (2,587)	\$ (1,889)
Property, plant and equipment	<b>124</b>	226
Right of use assets	<b>(94)</b>	—
Other long-term liabilities	<b>(26)</b>	(27)
<b>Total deferred tax liabilities</b>	<b>\$ (2,583)</b>	<b>\$ (1,690)</b>
<b>Net deferred tax asset (liability)</b>	<b>\$ —</b>	<b>\$ —</b>

The following are the deferred tax assets that have not been recognized by the Company:

	<b>December 31, 2025</b>	December 31, 2024
Non-capital loss carry forwards	\$ 10,808	\$ 11,642
Other	<b>1,041</b>	1,041
<b>Total deferred tax assets</b>	<b>\$ 11,849</b>	<b>\$ 12,683</b>

The tax benefit in connection with the Company's non-capital losses that may be available to reduce income tax in a future taxation period amounts to \$12,719 (December 31, 2024: \$12,842). The Company's non-capital loss carry forwards expire at various times between 2036 and 2045.

# RUBICON ORGANICS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Expressed in thousands of Canadian dollars unless otherwise noted



### 19. COMMITMENTS

As at December 31, 2025, the Company had the following commitments:

	Less than one year	One to three years	Over three years	Total
Lease liabilities	\$ 100	\$ 311	\$ —	\$ 411
Debt - Interest	794	1,950	1,492	4,236
Debt - Principal	999	3,427	7,839	12,265
<b>Total commitments</b>	<b>\$ 1,893</b>	<b>\$ 5,688</b>	<b>\$ 9,331</b>	<b>\$ 16,912</b>

### 20. SUPPLEMENTAL CASH FLOW INFORMATION

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

	December 31, 2025	December 31, 2024
Accounts receivable	\$ (3,467)	\$ (2,492)
Prepays and deposits	(406)	(131)
Inventory	(4,150)	(1,213)
Accounts payable and accrued liabilities	1,001	3,248
Interest payable	71	57
Interest on lease liabilities	17	10
Current portion of loans and borrowings	(71)	(57)
<b>Change in non-cash working capital items</b>	<b>\$ (7,005)</b>	<b>\$ (578)</b>

As at December 31, 2025, accounts payable and accrued liabilities include \$150 related to capital asset additions (December 31, 2024: \$70).

Cash and cash equivalents consist of the following:

	December 31, 2025	December 31, 2024
Cash	\$ 3,575	\$ 7,899
Cash equivalents	414	1,958
<b>Total cash and cash equivalents</b>	<b>\$ 3,989</b>	<b>\$ 9,857</b>

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

### 21. CAPITAL MANAGEMENT

It is management's objective to safeguard its capital in order that it will be able to continue as a going concern in the best interests of all stakeholders. Through the ongoing management of its capital, the Company will modify the structure of its capital based on changing market conditions. In doing so, the Company may issue new shares or refinance existing long-term debt. Annual budgeting is the primary tool used to manage the Company's capital. Updates are made as necessary to both capital expenditure and operational budgets in order to adapt to changes in risk factors, proposed expenditure programs and market conditions.

Under the terms of the Credit Facilities, which has a carrying amount of \$9,103, and the Capital Loan, with a carrying amount of \$2,967, the Company is required to comply with the following financial covenants at the end of each annual reporting period:

- The Fixed Charge Coverage Ratio calculated for the Company on an annual basis, at its fiscal year-end will not be less than 1.25:1.00;
- Debt to Equity ratio calculated for the Company on a consolidated basis, at its fiscal year-end will not exceed 2.00:1.00; and
- No further indebtedness, except for Permitted Indebtedness up to \$10,000 relating to the Credit Facilities.



The Company has complied with these covenants as at December 31, 2025 and December 31, 2024.

## **22. FINANCIAL INSTRUMENT RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risk are credit risk, liquidity risk and market risk. These risks arise throughout the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk on its cash and cash equivalents, accounts receivable, and security deposits. The carrying amount of these assets represent the maximum credit exposure.

The Company limits exposure to credit risk by maintaining its cash and cash equivalents and security deposits with institutions of high credit worthiness.

The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses credit quality of the counterparties, taking into account their financial position, past experience and other factors. Credit risk is mitigated by entering into arrangements with reputable and stable counterparties and frequent reviews of exposure to individual entities. With regards to receivables, the Company is not exposed to significant credit risk as the majority of the Company's sales and trade receivables are with government bodies.

An impairment analysis of receivables is performed at each reporting date and the balances are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan and a change in the commercial terms associated with the balance held.

### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows, capital expenditures and cash holdings.

As at December 31, 2025, the Company had cash and cash equivalents of \$3,989 (December 31, 2024: \$9,857) and net working capital of \$23,643 (December 31, 2024: \$19,943). For the year ended December 31, 2025, the Company used cash in operating activities of \$3,039 (December 31, 2024: cash provided by operating activities of \$3,399).

During the year ended December 31, 2025, the Company undertook investment to acquire and commence operations of the Cascadia Facility to advance its long-term growth strategy. In May 2025, the Company completed a private placement in raising gross proceeds of \$4.5 million (\$4.2 million net) (Note 15) and secured an additional \$4 million of borrowing through a \$3 million capital loan and a \$1 million line of credit (Note 13). The Company continues to seek additional financing alternatives to support future revenue growth and margin-accretive initiatives.

Management projects that the Company will be able to meet its obligations as they fall due for at least twelve months from December 31, 2025.

# RUBICON ORGANICS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Expressed in thousands of Canadian dollars unless otherwise noted



### Interest rate risk

Interest rate risk is the risk the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's debt is held at a fixed interest rate and no significant interest rate risk applies.

### Foreign exchange risk

The Company and its subsidiaries conduct certain transactions denominated in currencies other than the functional currency of the Company (United States dollars and Euros). Foreign currency transactions are exposed to currency risk due to fluctuations in foreign exchange rates.

For the year ended December 31, 2024, the Company's main risk is associated with the impact of fluctuations in US\$ exchange rates on the Debenture. The Company entered several foreign exchange swap and forward contracts (referred to as the Derivatives) to offset the future exchange impact of the principal and interest payments on the Debenture. The Company has not included the impact of foreign exchange on the US\$ Debenture in the analysis below as it is mitigated by the purchase of the Derivatives. The foreign exchange futures were settled on December 4, 2024, and the Company did not hold or enter into any Derivatives in the year ended December 31, 2025.

For the year ended December 31, 2025, the Company was exposed to currency risk through the following assets and liabilities denominated in US\$:

		December 31, 2025		December 31, 2024
Cash	US\$	181	US\$	490
Accounts payable and accrued liabilities		(49)		(125)
Interest payable		—		—
	US\$	132	US\$	365

A 10% increase/decrease of the US\$ against the CAD\$ would have increased/decreased net income by \$18 (December 31, 2024: \$53).

### Fair value

The Company classifies its fair value measurements with a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in *IFRS 13 – Financial Instruments; Fair Value Measurement* ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

There were no transfers within the fair value hierarchy during the years ended December 31, 2025 or 2024.

The fair value of the Derivatives were determined using prices obtained from the Company's foreign exchange broker on the measurement date. These fair value measurements have been categorized as Level 2 on the fair value hierarchy.