



# Rubicon Organics Inc.

## **Management's Discussion & Analysis**

For the three months ended March 31, 2026 and 2025

*Expressed in thousands of Canadian dollars unless otherwise noted*

## Preface

In this Management's Discussion & Analysis ("MD&A"), "Rubicon Organics", "Rubicon", the "Company", or the words "we", "us", and "our" refer to Rubicon Organics Inc. together with its subsidiaries.

This MD&A comments on our operations, financial performance, and financial condition for the three months ended March 31, 2026. All amounts in this MD&A are expressed in thousands of Canadian dollars, unless otherwise noted. It is supplemental to and should be read in conjunction with the Company's audited consolidated financial statements including the accompanying notes for the fiscal year ended December 31, 2025 (the "Financial Statements").

All financial information contained in this MD&A and in the Financial Statements is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, except for certain non-GAAP information as noted and where a reconciliation to IFRS is provided.

In preparing this MD&A, we have considered all information available to us up to May 13, 2026.

This MD&A contains forward-looking information within the meaning of Canadian securities laws. Refer to '*Cautionary Note Regarding Forward-Looking Statements*'.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Additional information regarding the Company is available on our website at [www.rubiconorganics.com](http://www.rubiconorganics.com) or through the SEDAR website at [www.sedarplus.ca](http://www.sedarplus.ca).

## About Us

### Overview

Rubicon Organics Inc., headquartered in Vancouver, British Columbia, is incorporated under the Business Corporations Act (British Columbia). The Company's common shares trade on the TSX Venture Exchange under the symbol "ROMJ" and on the OTCQX under the symbol "ROMJF." Rubicon Organics has one wholly owned subsidiary, Rubicon Holdings Corp. ("RHC"), which is also incorporated in British Columbia.

Through RHC, Rubicon Organics is a licensed producer under the Cannabis Act, focused on the cultivation and sale of premium and certified-organic cannabis for both the Canadian recreational and medical markets, as well as select international medical markets. The Company operates two cultivation facilities and holds proprietary intellectual property in certified organic cultivation methods, alongside a robust genetics library and research and development program. These assets position Rubicon Organics as a leading scaled producer of high-quality cannabis in Canada.

Rubicon Organics markets its products through an established portfolio of premium brands, including its flagship super-premium organic brand Simply Bare™ Organic ("Simply Bare"), its premium legacy-inspired brand 1964 Supply Co™ ("1964"), and its cannabis wellness brand Wildflower™ ("Wildflower"). The Company also participates in the mainstream segment through Homestead Cannabis Supply™ ("Homestead").

Rubicon Organics was the first cannabis company globally to publish an Environmental, Social and Governance ("ESG") report and continues to demonstrate leadership in sustainability within the cannabis sector. The Company's fifth annual ESG Report, covering fiscal 2024, is available on its website.

## Our Facilities



The Company's production platform is anchored by two complementary facilities, each contributing to our ability to deliver consistent, high-quality cannabis at scale. This dual-facility model is a meaningful strategic advantage allowing the Company to optimize production across formats, manage biomass supply proactively, and maintain consistent quality standards. The following table outlines the key attributes of each facility.

Facility	Highlights
<hr/> <b><i>Pacifica – Delta, British Columbia</i></b> <hr/>	
Hybrid Greenhouse	Nursery, cultivation, processing, solvent-less extraction, and packaging
125,000 sq. ft.	5 growing compartments
11,000 kgs of premium flower <i>(current rated capacity)</i>	Automated pre-roll manufacturing Cold cure processing rooms Certified for: <ul style="list-style-type: none"><li>▪ CUMCS <sup>a</sup></li><li>▪ IMC-G.A.P. <sup>b</sup></li><li>▪ FVOPA <sup>c</sup></li></ul> Additional 7 acres of land for expansion
<hr/> <b><i>Cascadia – Hope, British Columbia</i></b> <hr/>	
Indoor	Purpose built for cannabis cultivation
47,500 sq. ft	13 growing compartments
4,500 kgs of premium flower <i>(current rated capacity)</i>	Cold cure processing rooms CUMCS equivalency

Abbreviation	Certification	Purpose
<sup>a</sup> CUMCS	Control Union Medical Cannabis Standard	Ensures high quality and consistency in the cultivation and production of medical cannabis through globally recognized Good Agricultural & Collection Practices (“GACP”).
<sup>b</sup> IMC-G.A.P.	Good Agricultural Practice Equivalency	Establishes compliance with the Israeli Medical Cannabis Good Agricultural Practices standard, enabling producers to meet required GACP guidelines for the cultivation and export of medical cannabis to Israel.
<sup>c</sup> FVOPA	Fraser Valley Organic Producers Association	Provides accredited organic certification under the Canada Organic Regime (COR), ensuring products meet organic standards for domestic and international markets.

## Brands and Products

At the core of our success is a portfolio of premium brands built on a foundation of consistent quality, innovation, and deep consumer understanding. The following table outlines each of our brands and their positioning within the market.

Brand	Story	Positioning	Products
	<p><b>Simply Bare™</b> is Rubicon Organics’ flagship super-premium brand and one of Canada’s few certified organic, living-soil cannabis producers. The brand focuses on cultivating unique and rare phenotypes that deliver terpene-rich flower with exceptional aroma, flavour, and potency. Grown in living organic soil and hand-tended using certified organic methods, Simply Bare provides a clean, high-quality cannabis experience.</p>	Super-premium	<ul style="list-style-type: none"> <li>Dried Flower</li> <li>Pre-Rolls</li> <li>Infused Pre-Rolls</li> <li>Concentrates</li> <li>Gummies</li> <li>Capsules</li> </ul>
	<p><b>1964 Supply Co™</b> is our largest brand by revenue, offering a portfolio centered on classic, legacy cannabis strains. The brand reflects the heritage of traditional cannabis, using time-tested cultivation inputs and sustainable growing practices to produce high-quality products with familiar, potent genetics. Positioned within the premium segment, 1964 appeals to consumers looking for authenticity and continuity with cannabis’ legacy culture, delivering consistently strong performance in the market.</p>	Premium	<ul style="list-style-type: none"> <li>Dried Flower</li> <li>Pre-Rolls</li> <li>Infused Pre-Rolls</li> <li>Vapes</li> <li>Concentrates</li> <li>Gummies</li> <li>Edibles</li> </ul>

	<p><b>Wildflower™</b> is our wellness brand owned by Rubicon Organics in Canada. The brand was designed to meet the various needs of wellness consumers from pain management to anxiety relief and sleep aid. Wildflower™ focuses on the wellness segment of the cannabis industry, offering topical and ingestible cannabinoid-based products derived from clean, carefully cultivated sources. With an emphasis on CBD, natural, simple and plant-based ingredients, Wildflower™ bridges the gap between cannabis products and everyday wellness.</p>	<p>Premium</p>	<p>Topicals Edibles Oils</p>
	<p><b>Homestead Cannabis Supply™</b> is our mainstream offering, designed to provide consumers with competitively priced quality cannabis. The brand serves as a strategic channel for high-quality flower that does not meet the elevated specifications of Rubicon's premium portfolio, enabling us to optimize biomass utilization and cash generation.</p>	<p>Mainstream</p>	<p>Dried Flower Pre-Rolls</p>

## Strategy and Outlook

### ***Building on a Proven Foundation. Driving the Future of Premium Cannabis.***

Rubicon Organics has a proven track record of success, having navigated the early challenges of the Canadian cannabis industry and cementing our position as a leader in the premium cannabis market. Built on a solid strategic foundation, the Company has grown and scaled its business while developing a strong portfolio of premium brands supported by consistent product excellence and continuous, purposeful innovation. Leveraging our unique intellectual property, Rubicon delivers premium cannabis products across a wide range of formats, with a strategy centered on genetic innovation and product development that meets the diverse and evolving needs of consumers.

Deepening our position as the pinnacle of premium cannabis, we deliver quality and consistency at every touchpoint while strengthening trusted partnerships across our retail and provincial network. Operational value is driven through our Pacifica and Cascadia facilities, a targeted portfolio of brands, and a relentless focus on innovation in genetics and product development. Our people and culture remain at the heart of everything we do, as we foster an inclusive, high-integrity environment where our team can grow and thrive. Scaling purposefully, Rubicon is building the systems, partnerships, and market access needed to solidify our position as the most trusted name in premium cannabis.

### **2026 Outlook**

#### ***Leveraging Our New Scale***

Demand for our flower products has consistently exceeded our available supply. With the Cascadia Facility now licensed and fully operational, 2026 marks a pivotal year for Rubicon. We are building the teams, systems, and infrastructure needed to support the next phase of growth, and we expect premium quality cannabis grown at Cascadia to be available to the market by mid-2026. As a result, we view 2026 as an

inflection point, with the second half of the year expected to reflect the full benefit of Cascadia to Rubicon's revenue growth, gross margins, Adjusted EBITDA<sup>1</sup>, and cash flow.

The combined annual production capacity of 15,500 kg across our two complementary facilities, the Pacifica greenhouse and the Cascadia indoor facility, positions us well to meet growing domestic and international demand for premium cannabis. Furthermore, this figure reflects current operational output. As operations mature and yield improvements and efficiencies are realized, we expect production to increase meaningfully over the next several years, supporting our ability to serve a broader customer base and fulfill larger supply commitments.

The acquisition, licensing, and rapid operationalization of the Cascadia Facility is a direct demonstration of our commitment to capturing this opportunity and our ability to execute with speed and purpose. The facility is now fully planted and we have completed its first harvests. The Company has also just received its GACP certification for Cascadia. Achieving this certification supports our ability to meet international medical market requirements and enhance our credentials in maintaining quality and consistency throughout our portfolio.

### ***Continued Emphasis on Genetics***

Our deep genetics library remains a core strategic differentiator. In 2026, we are focused on demonstrating the depth and consistency of that library through a disciplined cadence of new genetic launches across our brand portfolio. Recent additions include BC Organic Lime Drizzle and BC Organic Tangerine Sunrise under Simply Bare, and Kush Mints under 1964. We believe a steady pipeline of sought-after cultivars is essential to maintain our leadership in the premium and super-premium segments of the Canadian market and drive long-term consumer loyalty.

### ***International***

Building on the success of our inaugural international shipments in 2025, we are moving forward on our international strategy in 2026. In April, the Company launched 1964 in international markets with its first branded shipment of products in the U.K. This marks the international introduction of the 1964 brand to a key market and represents a meaningful step in establishing Rubicon's premium brands to a larger addressable global market.

### ***Margin Improvements***

Improving gross margin is a key financial priority for 2026 and we are actively pursuing several initiatives to achieve this. Central to our approach is leveraging the increased scale of our two-facility growing operations to more efficiently absorb our fixed production costs over higher production volumes. Additionally, we are committed to improving our yields as we continue to explore promising methods towards meaningful improvements in cultivation. Ongoing yield gains derived both from genetic selection and facility optimization are expected to be key contributors to margin expansion over the course of this and future years.

While we are well-positioned to meet the growing demand for our product, the B.C. market experienced softness entering 2026, partly attributable to a strike late in 2025, which has affected results early in the year. We continue to monitor this market closely and remain confident in its long-term recovery.

### ***Financial Growth***

For 2026, we are forecasting growth in both net revenue and Adjusted EBITDA, driven by our newly realized capacity increases and ongoing strategic initiatives. As anticipated, gross margin and Adjusted EBITDA

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<sup>1</sup> *Adjusted EBITDA is a non-GAAP measure that is calculated as earnings (losses) from operations before interest, tax, depreciation and amortization, share-based compensation expense, fair value changes, and pre-revenue startup costs. See Selected Financial Information for details on the Adjusted EBITDA calculation.*

were softer in the first quarter of 2026 which is expected to continue through the first half of the year, reflecting continued investment in the ramp-up of the Cascadia Facility ahead of its initial revenues, and resulting in higher near-term cash outflows. As production from Cascadia comes online and revenues are realized, we expect a meaningful acceleration in gross margins, Adjusted EBITDA, and operating cash inflows through the second half of 2026. Based on our current view of demand for our products, we remain confident that the growth exhibited in 2025, which culminated in record revenues, is expected to continue.

## Recent Activities

### Key Developments in the three months ended March 31, 2026 (“Q1 2026”)

(\$000s)

#### Financial and other highlights

- Net revenue of \$13,689 (11% increase compared to Q1 2025) for Q1 2026.
- Loss from operations of \$2,529 for Q1 2026, compared to \$111 loss for Q1 2025.
- Adjusted EBITDA resulted in a loss of \$584 for Q1 2026.
- Cash flow provided by operations of \$2,094 for Q1 2026, compared to cash flow used in operations of \$962 for Q1 2025.
- Continued strengthening of position within the overall Canadian premium cannabis segment, increasing market share to 7.5% for Q1 2026, compared to 6.1% for Q1 2025.<sup>2</sup>
- Increased to double-digit share within the premium flower segment of 10.3% for Q1 2026, compared to 7.1% for Q1 2025, achieving #1 national market share.<sup>2</sup>
- #1 premium licensed producer in Canada.<sup>2</sup>
- Completed first harvest at the Cascadia Facility, expanding supply of premium flower by 40%.

#### Market Share

Data per Hifyre<sup>2</sup>

The following table summarizes our market share performance for the Canadian adult use market by product segment for Q1 2026 and Q1 2025.

Product Segment	Rubicon's Share (%)			Total Market (\$000's)		
	Q1 2026	Q1 2025	Variance	Q1 2026	Q1 2025	Variance
<i>All Price Tiers</i>						
Flower	2.0%	1.9%	+0.1%	448,587	476,709	-5.9%
Pre-rolls	2.3%	1.9%	+0.4%	445,382	423,891	+5.1%
Concentrates	5.2%	5.8%	-0.6%	68,642	67,942	+1.0%
Topicals	25.7%	26.2%	-0.5%	4,914	4,517	+8.8%
<i>Premium Price Tier</i>						
All Categories	7.5%	6.1%	+1.4%	181,027	197,056	-8.1%
Flower	10.3%	7.1%	+3.2%	77,398	96,809	-20.1%
Pre-rolls	3.9%	2.2%	+1.7%	63,997	69,686	-8.2%
Vapes	8.7%	11.5%	-2.8%	16,352	11,999	+36.3%

<sup>2</sup> All retail market share data is sourced from Hifyre for the periods January 2026 to March 2026, and January 2025 to March 2025.

## Key Updates

### Corporate

On January 15, 2026, the Company granted a total of 1,002,773 restricted share units (“RSUs”) and 1,002,773 performance share units (“PSUs”) under its Omnibus Equity Incentive Plan to certain executives and employees.

### Commercial

On February 19, 2026, the Company announced its first harvest at the Cascadia facility. The facility is now fully planted and these harvests are expected to be monetized in Q2 2026, with production quality projected to reach flagship-brand standards by mid-2026. The Company has received its GACP certification following an extensive audit and is anticipating the results of an IMC-GAP certification, which we expect to receive in the coming months.

## Developments Subsequent to March 31, 2026

### Commercial

On April 7, 2026, the Company was recognized with three awards at the 2026 High Buds Club Awards, voted on by over 1,000 budtenders across Canada. Awards included Brand of the Year for 1964, Indica Flower of the Year for Stinky Pinky, and Topical of the Year for the Wildflower™ Extra Strength Relief Stick.

On April 12, 2026, the Company announced the launch of its 1964 brand in the U.K. medical cannabis market through a distribution partnership with 4C LABS (a cannabis-based pharmaceutical and telehealth company), representing the brand’s first international route-to-market.

On May 11, 2026, the Company announced that its Cascadia facility has achieved Good Agricultural and Collection Practices (“GACP”) certification. GACP certification confirms that Cascadia meets international requirements for product consistency, contamination control, traceability, and documentation, and applies specifically to the agricultural stage of production, supporting the cultivation of high-quality cannabis for regulated medical markets.

### Corporate

On April 27, 2026, the Company entered into an amendment to its existing line of credit agreement with Community Savings Credit Union to temporarily increase the available credit from \$1.0 million to \$2.5 million, with the additional capacity intended to support working capital requirements during the ramp up of the Cascadia Facility.

## Results of Operations and Financial Review

(\$000s)

	For the three months ended		
	March 31, 2026	March 31, 2025	Variance
Net revenue	\$ 13,689	\$ 12,376	11%
Cost of sales	10,949	8,589	27%
<b>Gross profit before fair value adjustments</b>	<b>2,740</b>	3,787	(28%)
Fair value adjustments to cannabis plants, inventory sold, and other charges	731	440	66%
<b>Gross profit</b>	<b>\$ 3,471</b>	\$ 4,227	(18%)

## **Net revenue**

The Company delivered net revenue of \$13,689 for the three months ended March 31, 2026, an 11% increase from the prior year. This growth was driven by strong performance from 1964, complemented by international sales stemming from shipments to the UK and Australia. This growth was partially offset by a decline in British Columbia sales due to prolonged effects of the labour strike at the end of 2025, which challenged the industry's distribution operations within the province's retail channels into the first quarter of 2026.

When compared to Q4 2025, net revenues declined 16.8%, consistent with typical first-quarter seasonality within the cannabis industry and compounded by the disruption from the labour strike. This decline is expected to recover for future quarter-over-quarter comparisons as B.C. distribution recovers from the prolonged impact of the strike.

Simply Bare saw growth within the dried flower segment, which benefitted from the successful introduction of new and unique genetic launches, while performance in pre-rolls and concentrates remained consistent quarter over quarter.

1964 experienced growth in dried flower and pre-roll segments, which benefitted from robust performance within larger format offerings, as well as new genetic launches. Growth in international sales to Australia and the U.K. drove a new revenue stream that did not exist in the prior year period, while performance in vapes stabilized.

Wildflower maintained its position with the #1 SKU in the wellness category, though overall sales across topicals and edibles saw modest declines when compared to the prior year period.

## **Cost of Sales**

For the three months ended March 31, 2026, total cost of sales, which encompasses production costs, inventory expensed to cost of sales, and inventory written off or provided for, increased by \$2,360 compared to the prior year, reflecting the Company's continued revenue growth.

This increase in cost of sales reflects the expanded cost base associated with the overall growth of the business, inclusive of the new Cascadia Facility. A portion of this increase relates to post-harvest activities including drying, processing, and packaging, which are initially capitalized to inventory and expensed as cost of sales when the finished goods are sold. These costs grew in direct relation with higher sales volumes as compared to the prior year period. The remaining cost base includes production costs, which are expensed as incurred and relate to cultivation activities across the facilities, as well as other facility costs and operational overhead.

Finally, these increases were partially offset by decreases to inventory written off or provided for, which saw a decline period over period and represented 1.5% of net revenues compared to 2.6% in the prior year. The Company continues to manage inventory levels through ongoing improvements in supply and demand planning and aligning finished goods production with sales to minimize obsolescence.

Total cost of sales declined 2% quarter-over-quarter from \$11,170 in Q4 2025, consistent with lower sales volumes in the current quarter. As a percentage of net revenue, cost of sales increased to 80% in Q1 2026 from 68% in Q4 2025, reflecting the inclusion of pre-revenue Cascadia costs not yet offset by corresponding revenues.

## **Gross profit before fair value adjustments**

For the three months ended March 31, 2026, gross profit before fair value adjustments was \$2,740 compared to \$3,787 in the prior year. This represents a gross profit margin of 20% for the three months ended March 31, 2026, compared to 31% in the prior year.

Q1 2026 gross margins compared to Q1 2025 were significantly impacted by cultivation costs relating to the Cascadia facility recognized in the quarter prior to its first harvests and related revenues. Costs relating to ramping up Cascadia's initial operations amounted to \$1,186, while increases to inventory provisions totalled \$313. Excluding Cascadia pre-revenue costs, gross profit before fair value adjustments would have been 29% compared to 31% in Q1 2025. Q1 2026 gross margins compared to Q1 2025 were also impacted by the purposefully increased scale of Rubicon's operations in preparation for additional volume from Cascadia. This is also applicable for margin depression when compared to Q4 2025's gross margins, where Cascadia pre-revenue costs increased and further impacted margins in Q1 2026 compared to the prior quarter.

## Fair value adjustments to cannabis plants, inventory sold and other charges

### *Unrealized gain on changes in fair value of cannabis plants*

Unrealized gain on changes in fair value of cannabis plants is the gain resulting from management's estimate of the fair value less costs to sell of live cannabis plant inventory up to the point of harvest. IFRS requires management to estimate the fair value of cannabis through its growth phase, to the point of harvest. Once harvested, the fair value estimate of a plant at the harvest date becomes "crystallized" and forms the cost base of that plant as it is further processed, packaged, and sold.

For the three months ended March 31, 2026, unrealized gain on changes in fair value of cannabis plants was \$4,838 compared to \$3,281 in the prior year, an increase of \$1,557. The higher gain is a result of an increase in growing plants at March 31, 2026, in both quantity and average flower age, partially offset by a lower comparable selling price of wholesale dried cannabis.

### *Realized fair value of inventory sold*

For the three months ended March 31, 2026, realized fair value of inventory sold was \$3,646 compared to \$2,781 in the prior year. Realized fair value of inventory sold is the non-cash fair value released from inventory when cannabis is sold. For the three months ended March 31, 2026, realized fair value of inventory sold represented 27% of net revenue, compared to 22% in the prior year period. This increase is due to a higher proportion of sales from flower derived products, as non-flower formats do not include a fair value component, as well as a higher weighted average fair value per gram of the underlying biomass.

### *Adjustment to net realizable value of inventory on hand at period end*

For the three months ended March 31, 2026, the adjustment to net realizable value of inventory on hand at period end was \$461 compared to \$60 in the prior year. The adjustment consists of the fair value component of inventory that was written off or provided for in the year.

## Operating Expenses

	For the three months ended			Change
	March 31, 2026	March 31, 2025		
Consulting, salaries and wages <sup>‡</sup>	\$ 3,360	\$ 2,238	50%	
General and administrative <sup>‡</sup>	1,030	870	18%	
Sales and marketing	1,173	678	73%	
Share-based compensation	333	504	(34%)	
Depreciation and amortization	104	48	117%	
<b>Total operating expenses</b>	<b>\$ 6,000</b>	<b>\$ 4,338</b>	<b>38%</b>	

<sup>‡</sup> Contains research and development charges

The increase in overall operating expenditure compared to the prior year reflects the Company's continued investment in scale. These increases primarily stem from additional headcount and broad-based growth initiatives across our operations.

### ***Consulting, salaries and wages***

For the three months ended March 31, 2026, consulting, salaries, and wages increased by \$1,122 compared to the prior year. The increase is primarily attributable to an overall increase in headcount to support business growth.

### ***General and administrative expenses***

For the three months ended March 31, 2026, general and administrative expenses increased by \$160 compared to the prior year. General and administrative expenses consist of insurance, professional fees, investor relations costs, office expenses, research and development, and licensing fees. The increase was mainly driven by higher licensing fees year-over-year, which are directly correlated with revenue growth, as well as an overall increase in other costs associated with the continued expansion of the Company's business.

### ***Sales and marketing***

For the three months ended March 31, 2026, sales and marketing expenses increased by \$495 compared to the prior year. These expenses support the maintenance and expansion of Rubicon's brand recognition, execution of targeted marketing campaigns, and the development of new products.

### ***Share-based compensation***

Non-cash share-based compensation reflects the estimated value of stock options, RSUs, PSUs, and deferred share units ("DSUs") issued to employees and directors of the Company.

For the three months ended March 31, 2026, share-based compensation was \$333; consisting of \$157 of RSU expense, \$113 of DSU expense related to awards to independent directors, and \$63 of PSU expense related to awards granted in 2025 and 2026 to certain employees.

Share-based compensation decreased by \$171 compared to the same period in the prior year. The decrease in expense is primarily driven by: lower RSU and DSU expense, stemming from employee departures as well as prior period grants that have fully vested prior to the start of the current period; and lower options expense as the Company's last issuance of stock options was in January 2024 and all related amounts have been expensed prior to the current period. These decreases were partially offset by an increase in PSU expenses related to awards granted.

## **Non-GAAP Measures**

### ***Adjusted EBITDA***

Adjusted EBITDA is a non-GAAP measure that is calculated as earnings (losses) from operations before interest, tax, depreciation and amortization, share-based compensation expense, fair value changes, and pre-revenue startup costs, as shown below. Management uses Adjusted EBITDA to assess the Company's performance. Adjusted EBITDA may not be comparable to similar measures presented by other issuers. The following table presents the Company's Adjusted EBITDA for the three months ended March 31, 2026 and March 31, 2025:

	<b>For the three months ended</b>		
	<b>March 31, 2026</b>	<b>March 31, 2025</b>	<b>Change</b>
Loss from operations	\$ (2,529)	\$ (111)	2,178%
IFRS fair value accounting related to cannabis plants and inventory	(731)	(440)	66%
Depreciation and amortization	1,157	765	51%
Share-based compensation expense	333	504	(34%)
Cascadia pre-revenue startup costs*	1,186	—	100%
<b>Adjusted EBITDA</b>	<b>\$ (584)</b>	<b>\$ 718</b>	<b>(181%)</b>

\*Consistent with industry practice, beginning in Q3 2025 the Company has adjusted Cascadia Facility pre-revenue startup costs from Adjusted EBITDA to show a comparable and consistent operating performance measure

## Summary of Quarterly Results

The following table summarizes quarterly financial results for Rubicon Organics for the last eight quarters:

	<b>2026</b>	<b>2025</b>				<b>2024</b>		
(C\$000's, unless otherwise noted)	<b>Q1</b>	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net revenue	<b>13,689</b>	16,461	15,629	14,984	12,376	14,200	13,499	12,106
Cost of Sales	<b>(10,949)</b>	(11,170)	(10,366)	(9,854)	(8,589)	(9,120)	(9,121)	(8,454)
Gross profit before fair value adjustments	<b>2,740</b>	5,291	5,263	5,130	3,787	5,080	4,378	3,652
Gross profit % before fair value adjustments	<b>20%</b>	32%	34%	34%	31%	36%	32%	30%
Operating expenses	<b>6,000</b>	6,046	5,029	4,899	4,338	4,841	3,720	3,932
Net profit (loss) for the period	<b>(2,752)</b>	(2,229)	2,828	773	(322)	(47)	(168)	(454)
Adjusted EBITDA	<b>(584)</b>	1,179	1,741	1,384	718	1,629	1,964	859
Weighted average shares outstanding (000's), basic	<b>70,430</b>	70,167	69,822	64,888	58,608	58,469	57,734	56,466
Weighted average shares outstanding (000's), diluted	<b>72,059</b>	71,196	70,851	66,152	60,172	59,450	58,765	56,833
Net profit (loss) per share, basic	<b>(0.04)</b>	(0.03)	0.04	0.01	(0.01)	(0.00)	0.00	(0.01)
Net profit (loss) per share, diluted	<b>(0.04)</b>	(0.03)	0.04	0.01	(0.01)	(0.00)	0.00	(0.01)

The Company has demonstrated consistent net revenue growth, driven by increased consumer demand, product innovation, and expanded market presence. Net revenues declined sequentially in Q1 2025 and Q1 2026, due to seasonal purchasing patterns typical of the cannabis industry. The softness in revenue this quarter was further impacted by the B.C. labour strike in late 2025 and its prolonged effects into early 2026. Despite this, the Company achieved a 11% year-over-year increase compared to Q1 2025 driven by continuous product innovation, the introduction of new genetic lines, and strong growth in both the dried flower and pre-rolls segments.

Cost of sales has trended alongside revenues from Q2 2024 through Q1 2026, reflecting the Company's expanding production activity and sales volumes. Aside from the noted seasonal sales decreases in Q1

2026 and 2025, cost of sales continued to build as revenues continue to grow. Cost of sales is expected to increase through 2026, reflective of the direct relationship between production activity and sales volumes.

Gross profit before fair value adjustments is a function of revenue and cost of sales. Margins in Q1 2025 and Q1 2026 reflect typical cannabis industry seasonality, where lower net revenues are measured against largely fixed production costs at the beginning of the year. Steady margin improvements immediately follow these periods as the year progresses, driven by optimizing sales mix and efficient scaling against largely stable production costs. Beginning in Q3 2025, this progression was dampened by Cascadia Facility ramp-up costs incurred ahead of first revenues, which are anticipated in the latter half of 2026. We expect the associated margin compression to be transitory, normalizing as facility costs become absorbed against Cascadia's growing revenues.

Operating expenses have generally trended upwards as the Company grows, steadily increasing through 2025 and into 2026. This reflects deliberative investments in head count, as well as brand and marketing activities to support the Company's next phase of growth. These increases were partially offset by lower share-based compensation expenses, driven by a reduction in RSU and options expense as grants from prior periods have fully vested.

Net loss for Q1 2026 was \$2,752. This loss is directly related to our strategic investments in the growth of the Company, particularly the optimization of the Cascadia Facility as it comes fully online. Net profits are expected in the second half of 2026 as these strategic costs start to be balanced out with expected related revenues.

Adjusted EBITDA was a loss of \$584 in Q1 2026 after several quarters of positive Adjusted EBITDA. This loss is directly related to the loss from operations and is expected to improve over the remainder of the year.

For a detailed review of the three months ended March 31, 2026, refer to the results analysis under '*Results of Operations and Financial Review*'.

## Liquidity and Capital Resources

### Liquidity

Our objectives when managing our liquidity and capital structure are to maintain sufficient cash to fund our working capital needs, capital asset development and contractual obligations.

	For the three months ended		
	March 31, 2026	March 31, 2025	Change
Net cash provided by (used in):			
Operating activities	\$ 2,094	\$ (962)	\$ 3,056
Investing activities	(2,270)	(731)	(1,539)
Financing activities	(605)	(381)	(224)
Effect of foreign exchange on cash	(10)	(2)	(8)
<b>Increase (decrease) in cash</b>	<b>(791)</b>	<b>(2,076)</b>	<b>\$ 1,285</b>
Cash beginning of the period	3,989	9,857	
<b>Cash end of the period</b>	<b>\$ 3,198</b>	<b>\$ 7,781</b>	

### **Operating Activities**

In the three months ended March 31, 2026, net cash provided by operating activities was \$2,094, compared to net cash used in of \$962 in the prior year. Current quarter cash inflows were primarily driven by collections of accounts receivable following strong Q4 2025 sales, partially offset by working capital investments within inventory.

### **Investing Activities**

In the three months ended March 31, 2026, net cash used in investing activities increased by \$1,539 to \$2,270. In the current quarter, these amounts related to targeted investments to optimize operational efficiency at the Cascadia Facility, alongside investments across margin accretive projects at the Pacifica Facility. In the prior year period, investing activities related to smaller-scale capital projects aimed at improving facility infrastructure at Pacifica.

### **Financing Activities**

In the three months ended March 31, 2026, net cash used in financing activities was \$605 compared to \$381 in the prior year. The Company's financing activity is related to servicing its existing debt (Credit Facility and Capital Loan), as well as its leased obligations.

### **Capital Resources**

The 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. As at March 31, 2026, the Company had cash and cash equivalents of \$3,198 and net working capital of \$20,194.

In 2024, the Company entered into credit facilities totaling \$10,000. In 2025, it secured an additional \$4,000 of borrowing through a \$3,000 capital loan and a \$1,000 line of credit. The facilities are secured, have five-year terms with ten-year amortization periods, and bear annual interest rates of 6.75% and 6.79%, respectively with the line of credit at a rate of Community Savings Credit Union Basic Lending Rate plus 5.50%. In April 2026, the Company entered into an agreement to temporarily increase its existing \$1,000 line of credit to \$2,500 with the same lender.

During 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 raising gross proceeds of \$4,500 (\$4,162 net). The Company continues to seek additional financing alternatives to support future revenue growth and margin-accretive initiatives.

### **Contractual Obligations**

The Company has the following contractual obligations as at March 31, 2026:

	<b>Less than one year</b>	<b>One to three years</b>	<b>Over three years</b>	<b>Total</b>
Lease liabilities	\$ 269	\$ 207	\$ 159	\$ 635
Debt - Interest	776	1,341	1,916	4,033
Debt - Principal	1,014	2,287	8,759	12,060
<b>Total commitments</b>	<b>\$ 2,059</b>	<b>\$ 3,835</b>	<b>\$ 10,834</b>	<b>\$ 16,728</b>

## Use of Proceeds

On May 7, 2025, the Company completed a non-brokered private placement for gross proceeds of \$4,500 (the "Offering"). The intended and actual use of proceeds as of March 31, 2026, and any variances are summarized below. The Company confirms that, except as set out in the table below, the use of proceeds from the offering has been consistent with the disclosure in the amended and restated offering document dated April 30, 2025. Variations in the intended versus actual use of proceeds reflect operational adjustments deemed necessary by management of the Company. The remaining start-up costs pertaining to the Cascadia facility are expected to be incurred throughout 2026 as the Company phases capital deployment in line with operational priorities. These reallocations are not expected to materially impact the achievement of the Company's disclosed business objectives or milestones.

Description of intended funds	Planned	Actual as of March 31, 2026	Variance Explanation
Hope Facility <sup>[1]</sup> acquisition start-up costs	\$2,700	\$2,245	Facility was granted key license to begin operations in October 2025. Remaining costs are minimal and are anticipated to be incurred over the near term.
Pre-roll automation and other capital investments	\$1,000	\$996	Fully incurred as planned.
Hope Facility acquisition costs	\$550	\$550 <sup>[2]</sup>	Fully incurred as planned.
General working capital purposes	\$250	\$250	Applied toward supplier payments and operational expenses.
<b>Total</b>	<b>\$4,500<sup>[3]</sup></b>	<b>\$4,041<sup>[4]</sup></b>	

[1] Cascadia Facility is referred to as the Hope Facility per the Offering document and its related disclosures.

[2] A total of \$4,671 includes all transaction costs and directly attributable costs for the acquisition of the Cascadia Facility, of which \$550 was funded by the Offering and \$4,121 was funded from cash on hand.

[3] Of the Offering gross proceeds of \$4,500, net proceeds totalled \$4,162 after transaction costs of \$338.

[4] A balance of \$121 remains from Offering proceeds, which will be used in accordance with the amended and restated offering document dated April 30, 2025.

## Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at May 13, 2026, the Company has the following securities outstanding:

	Number of units
Common Shares	67,578,916
Stock Options	1,520,200
Warrants	5,341,963
Restricted Share Units	3,140,172
Performance Share Units	1,670,543
Deferred Share Units	2,991,268
<b>Fully Diluted Shares Outstanding</b>	<b>82,243,062</b>

## Proposed Transactions

There are no undisclosed proposed transactions that will materially affect the Company.

## Off-balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements.

## Related Party Transactions

Accounts payable and accrued liabilities at March 31, 2026, included \$26 (December 31, 2025: \$28) owed to executives and directors of the Company for expenses paid on behalf of the Company and accrued payroll.

## 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 three months ended March 31, 2026, and March 31, 2025, was comprised of:

	For the three months ended	
	March 31, 2026	March 31, 2025
Salaries and accrued salaries	\$ 284	\$ 276
Bonuses in accrued liabilities	148	84
Share based compensation	308	347
<b>Total compensation of key management personnel</b>	<b>\$ 740</b>	<b>\$ 707</b>

## Critical Accounting Estimates and Judgments

The preparation of the 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Management considers the areas described in Note 4 of the Financial Statements to be the most critical in understanding the judgments and estimates that are involved in the preparation of the Company's Financial Statements and the uncertainties that could impact its results of operations, financial condition, and cash flows.

## Changes in Accounting Policies Including Initial Adoption

The Company has not identified any new accounting standards that would be applicable and are not yet effective that would have a material impact on the Company, except as described in the Company's financial statements and MD&A for the year ended December 31, 2025.

## Financial Instruments

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
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.

Loans and borrowings were incurred to fund upgrades of the Pacifica Facility and general operations. Refer to Note 13 in the Financial Statements for more information on loans and borrowings.

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, interest rate risk and foreign exchange 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, as the majority of the Company's sales and trade receivables are with government bodies and crown corporations, and accordingly, the Company does not anticipate significant loss for non-performance.

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. The Company believes that these sources should be sufficient to cover the likely short-term requirements. In

the long term, the Company may have to issue debt or additional common shares to ensure that there is sufficient cash available for its programs.

Current liabilities, consisting of accounts payable and accrued liabilities, deferred revenue, interest payable, the current portion of lease liabilities and the current portion of loans and borrowings are payable within one year and are to be funded from cash. Long term liabilities consist of the non-current portion of lease liabilities and the non-current portion of loans and borrowings.

### 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 conducts 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 three months ended March 31, 2026, the Company was exposed to currency risk through the following assets and liabilities denominated in US\$:

		<b>March 31, 2026</b>		March 31, 2025
Cash	<b>US\$</b>	<b>5</b>	US\$	491
Accounts payable and accrued liabilities		<b>(210)</b>		(97)
	<b>US\$</b>	<b>(205)</b>	US\$	394

A 10% increase/decrease of the US\$ against the CAD\$ would have increased/decreased net loss by \$29 (March 31, 2025: \$57).

### 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 three months ended March 31, 2026.

The fair value of the Derivatives was 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.

## 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 \$8,925, as well as the Capital Loan, which has a carrying amount of \$2,915, the Company is required to comply with the following financial covenants at the end of each annual reporting period:

- i. 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.
- ii. Debt to Equity ratio calculated for the Company on a consolidated basis, at its fiscal year-end will not exceed 2.00:1.00.
- iii. 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.

## Risks and Uncertainties

The Board of Directors, directly and through its committees, oversees the Company's enterprise risk management process framework, which is designed to identify, assess, and manage risks that could have a material adverse effect on the Company's business, financial condition, results of operation or future performance. The risks described in this MD&A are primarily financial and market-related risks and are not exhaustive. Other risk factors, including operational, economic, regulatory, and governance, are described under the heading "Risks Related to the Business" in the Company's Annual Information Form dated March 23, 2026, a copy of which is available on the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## Conflicts of Interest

To the best of our knowledge, there are no known existing or potential material conflicts of interest among us and our directors, officers or other members of Management as a result of their outside business interests except that certain of our directors and officers serve as directors, officers or advisors of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director, officer or advisor of such other companies.

## Cautionary Note Regarding Forward-Looking Statements

Some of the statements contained in this MD&A are forward-looking statements, such as estimates and statements that describe the Company's plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Forward-looking statements may be identified by such terms as "believes", "if", "expects", "estimates", "may", "could", "should", "will", "intends", "anticipates" and similar expressions. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Although the Company believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking statements are based on certain assumptions and analyses made by the Company considering the

experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to (i) information or statements concerning the Company's expectations of financial resources availability to fund operations; (ii) obtaining the necessary regulatory approvals; (iii) that regulatory requirements will be maintained; (iv) general business and economic conditions; (v) the Company's ability to successfully execute its plans and intentions; (vi) the Company's ability to obtain financing at reasonable terms through the sale of equity and/or debt commitments; (vii) the Company's ability to attract and retain skilled staff; (viii) market competition; (ix) the products and technology offered by the Company's competitors; and (x) that our current good relationships with our suppliers, service providers and other third parties will be maintained.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors including: the legal status of cannabis cultivation, distribution and sales in Canada; changes in general economic conditions and conditions in the financial markets; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; uncertainty about the Company's ability to continue as a going concern; risk that the Company will not obtain or retain any relevant licenses; technological and operational difficulties encountered in connection with the Company's activities; changing foreign exchange rates and other matters discussed in this MD&A.

Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performances, achievements or events to not be as anticipated, estimated or intended. Many of the factors are beyond our control. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. Rubicon disclaims any intention and assumes no obligation to update any forward-looking statements even if new information becomes available, as a result of future events, new information, or for any other reason except as required by law. These forward-looking statements are made as of the date hereof. Additional information related to us is available by accessing the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR+") website at [www.sedarplus.ca](http://www.sedarplus.ca).

## Additional Information

Additional information related to the Company is available on the Company's website at [www.rubiconorganics.com](http://www.rubiconorganics.com) and through its public filings on [www.sedarplus.ca](http://www.sedarplus.ca).

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