

Rubicon Organics Reports Q2 2024 Financial Results

- Delivered record net revenue of \$12.1 million (7% increase) for the three months ended June 30, 2024
- Delivered \$21.0 million net revenue (5% increase) for the six months ended June 30, 2024
- Adjusted EBITDA¹ of \$0.9 million for the three months ended June 30, 2024
- Operating cash flow of \$1.1 million for the three months ended June 30, 2024
- Free cash flow² of \$0.7 million for the three months ended June 30, 2024
- Number one premium licenced producer across all categories³
- 2.0%⁴ national market share of flower and pre-rolls for the three and six months ended June 30, 2024
- 5.7%⁵ and 6.1%⁶ national market share of premium flower and pre-rolls for the three and six months ended June 30, 2024
- Wildflower™ is the number one topical brand in Canada with market share of 28%⁷ for the six months ended June 30, 2024
- 29.9%⁸ and 26.8%⁹ national market share of premium edibles for the three and six months ended June 30, 2024
- Launch of full spectrum extract vapes in BC, Alberta and Ontario

VANCOUVER, BRITISH COLUMBIA, August 15, 2024 – Rubicon Organics Inc. (TSXV: ROMJ) (OTCQX: ROMJF) (“Rubicon Organics” or the “Company”), a licensed producer focused on cultivating and selling organic certified and premium cannabis, today reported its financial results for the three and six months ended June 30, 2024 (“Q2 2024”). All amounts are expressed in Canadian dollars.

"Rubicon Organics' house of premium brands remains the #1 premium licensed producer in Canada. I expect this leadership position to grow with our entry into the vape sector where two strains were launched in Q2 2024. I'm proud to report that we have already seen our national distribution hit over 40% of stores in the first two months of sales to July. I expect this growth

¹ 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, and fair value changes. Included in Adjusted EBITDA in the six months ended June 30, 2024 is \$0.5 million of one-time costs incurred for the ERP implementation project. See Non-GAAP Financial Measures for details on the Adjusted EBITDA calculation.

² Free Cash Flow is a non-GAAP measure that is calculated as net cash provided by (used in) operating activities, less purchases of and deposits on property, plant and equipment. See Selected Financial Information for details on the Free Cash Flow calculation.

³ Hifyre data for premium products covering flower, pre-rolled products, concentrates, edibles, topicals, and vapes for the three and six months ended June 30, 2024

⁴ Hifyre data for flower & pre-rolled products covering three and six months ended June 30, 2024

⁵ Hifyre data for premium flower & pre-rolled products covering three months ended June 30, 2024

⁶ Hifyre data for premium flower & pre-rolled products covering six months ended June 30, 2024

⁷ Hifyre data for topical products covering six months ended June 30, 2024

⁸ Hifyre data for premium edible products covering three months ended June 30, 2024

⁹ Hifyre data for premium edible products covering six months ended June 30, 2024

momentum to continue as we expect to have five vape strains in market by year-end," said Margaret Brodie, CEO.

Janis Risbin commented, "I am pleased to announce a record quarter with net revenue reaching \$12.1 million, leading to a profit from operations and an adjusted EBITDA of \$0.9 million. Additionally, we have generated \$1.1 million in operating cash flow and \$0.7 million in free cash flow, all while investing in our one-time ERP project, maintaining a strong balance sheet and advancing through the late stages of our debt financing negotiations that I expect to be completed at similar terms to our existing debenture. We acknowledge the shift in consumer preference toward larger format purchases, which yield lower gross profit per unit. However, we are proactively working to re-engage consumers with our more profitable product offerings."

Q2 2024 and Subsequent Highlights:

For the three and six months ended June 30, 2024

- Net revenue of \$12.1 million (7% increase from Q2 2023) and \$21 million (5% increase from Q2 2023) for the three and six months ended June 30, 2024.
- Gross profit before fair value adjustments of \$3.7 million (21% decrease from Q2 2023) and \$5.8 million (23% decrease from Q2 2023) for the three and six months ended June 30, 2024.
- Adjusted EBITDA¹⁰ gain of \$0.9 million and \$0.4 million compared to \$1.8 million and \$1.9 million in Q2 2023, for the three and six months ended June 30, 2024.
- Cash provided by operating activities of \$1.1 million for the three months ended June 30, 2024
- Free cash flow of \$0.7 million for the three months ended June 30, 2024
- Number one premium licenced producer across all categories¹¹ with 6.5% market share, up from 4.95%¹²
- 2.0%¹³ national market share of flower and pre-rolls for the three and six months ended June 30, 2024.

¹⁰ 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, and fair value changes. Included in Adjusted EBITDA in the six months ended June 30, 2024 is \$0.5 million of one-time costs incurred for the ERP implementation project. See Non-GAAP Financial Measures for details on the Adjusted EBITDA calculation.

¹¹ Hifyre data for premium products covering flower, pre-rolled products, concentrates, edibles, topicals, and vapes for the six months ended June 30, 2024

¹² Hifyre data for premium products covering flower, pre-rolled products, concentrates, edibles, topicals, and vapes for the six months ended June 30, 2023

¹³ Hifyre data for flower & pre-rolled products covering three and six months ended June 30, 2024

- 5.7%¹⁴ and 6.1%¹⁵ national market share of premium flower and pre-rolls for the three and six months ended June 30, 2024.
- Wildflower™ is the number one topical brand in Canada with market share of 28%¹⁶ for the six months ended June 30, 2024.
- 29.9%¹⁷ and 26.8%¹⁸ national market share of premium edibles for the three and six months ended June 30, 2024.
- Launch of full spectrum extract vapes in Alberta, BC, and Ontario initially with cultivars Blue Dream and Comatose followed by GLTO #41.

2024 Results of Operations:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$
Net revenue	12,105,697	11,281,793	20,996,114	20,081,733
Production costs	2,931,952	2,592,334	5,624,644	5,270,938
Inventory expensed to cost of sales	5,209,148	3,916,114	8,946,482	6,851,008
Inventory written off or provided for	312,964	173,179	579,003	330,603
Gross profit before fair value adjustments	3,651,633	4,600,166	5,845,985	7,629,184
Fair value adjustments to cannabis plants, inventory sold, and other charges	398,790	(606,406)	563,042	(466,943)
Gross profit	4,050,423	3,993,760	6,409,027	7,162,241

As At:	June 30, 2024	December 31, 2023
	\$	\$
Cash and cash equivalents	9,501,994	9,784,190
Working capital †	9,795,925	10,132,089

† Working capital as at June 30, 2024 includes \$10.8 million current portion of loans and borrowings. The Company is currently in discussions with the debenture holder and other lenders to extend the term of the existing agreement or to enter into a new loan agreement in the second half of 2024.

¹⁴ Hifyre data for premium flower & pre-rolled products covering three months ended June 30, 2024

¹⁵ Hifyre data for premium flower & pre-rolled products covering six months ended June 30, 2024

¹⁶ Hifyre data for topical products covering six months ended June 30, 2024

¹⁷ Hifyre data for premium edible products covering three months ended June 30, 2024

¹⁸ Hifyre data for premium edible products covering six months ended June 30, 2024

2024 Outlook

Brand and Product Development

Our strategy is founded on a strong premium house of brands, highly regarded by both budtenders and consumers alike. Guided by consumer research, we continually innovate our products to anticipate market trends. Our commitment to quality and excellence is evident throughout all areas of our business, seeking to deliver products and services that consistently meet the highest quality standards.

Launch into Vape Category

Rubicon launched into the vape category with our 1964 Supply Co™ brand. The introduction of vapes strategically aligns with our market expansion strategy and offers substantial growth prospects. The vape market has demonstrated robust growth over recent years and trends in Canada and the US demonstrate indicating the vape category's increasing prominence, rivaling or surpassing traditional flower products.

Using our Delta grown genetics and supplementing with biomass of the same genetics grown at partners, we launched Comatose and Blue Dream Full Spectrum Extract ("FSE") resin vapes in Ontario, BC, and Alberta in May 2024. Following strong demand, we launched a new cultivar, GLTO #41, in late July 2024.

In line with our approach to the live rosin edibles we launched under the brand in 2023, we are focused on delivering products that maintain a competitive edge through superior quality, right price to value ratio leveraging our established and reputable brands. We are confident that by capitalizing on this opportunity, over time we can achieve comparable financial success with our vape offerings as we have with our flower business.

Wildflower™'s Leadership in Cannabis Wellness

Wildflower™'s prominence in the cannabis wellness sector is characterized by its notable dominance in topical products and the Company has recently expanded the brand to other categories, including edibles, oils, and capsules designed to address specific wellness needs such as sleep, pain relief, and anxiety reduction. While we expect more competition to enter the topical and wellness category, we are expanding the brand into other categories and anticipate steady growth and momentum behind the daily wellness consumer.

Launch of New Genetics

Rubicon plans to continue to launch new and novel genetics into its Simply Bare™ Organic and 1964 Supply Co™ to continue leadership in the premium cannabis market. Launches in 2024

include BC Organic Zookies, BC Organic Power Mintz, and BC Organic Fruit Loopz under the Simply Bare™ Organic brand, and Blue Dream under the 1964 Supply Co™ brand.

Growth from Solid Business Fundamentals

Consistent quality and systematic delivery to our customers, including the provincial distributors and retailers, and consumers to meet their needs is imperative to be successful in the Canadian cannabis industry. In 2024 we are investing in an Enterprise Resource Planning (“ERP”) system which is necessary for our business to deliver more growth in future and allow less reliance on key people within our internal systems. Anticipated project costs for 2024 are estimated to reach \$1 million, with \$0.5 million incurred in the first six months of 2024. While a resource intensive process, this ERP implementation readies our business for growth in future.

Financial

We believe that our commitment to cannabis quality, strategic brand positioning, diverse product portfolio, and committed team will position us as one of the premier cannabis companies in Canada. We anticipate year over year growth in net revenue, supported by modest increases in our cost base, excluding the impact of the ERP implementation occurring across 2024, thereby enhancing our operating leverage. While we expect growth in 2024, we also anticipate that much of the growth will come from our branded products that are produced using external capacity and thereby deliver lower gross margin than our current mix. Furthermore, we anticipate continued fierce competition in the distressed Canadian cannabis industry, leading to the maintenance or growth of value and standard pricing levels, rather than premium price tiers. Notwithstanding these pressures, we expect to deliver continued operating positive cash flow in the year ahead and plan to refinance our debt to a longer-term mortgage facility in the second half of 2024.

Conference Call

The Company will be hosting a conference call to discuss Q2 2024 results on Thursday, August 15, 2024. Conference call details are as follows:

Time:	7:00 AM PT / 10:00 AM ET
Conference ID:	28425
Local dial-in:	+1 (289) 514 5100
Toll Free N. America:	+1 (800) 717 1738
Webcast:	https://onlinexperiences.com/Launch/QReg/ShowUUID=998CDFC5-521F-481F-A060-E0B295AB46B5

ABOUT RUBICON ORGANICS INC.

Rubicon Organics Inc. is the global brand leader in premium organic cannabis products. The Company is vertically integrated through its wholly owned subsidiary Rubicon Holdings Corp, a licensed producer. Rubicon Organics is focused on achieving industry leading profitability through its premium cannabis flower, product innovation and brand portfolio management, including three flagship brands: its super-premium brand Simply Bare™ Organic, its premium brand 1964 Supply Co™, and its cannabis wellness brand Wildflower™ in addition to the Company's mainstream brand Homestead Cannabis Supply™.

The Company ensures the quality of its supply chain by cultivating, processing, branding and selling organic certified, sustainably produced, super-premium cannabis products from its state-of-the-art glass roofed facility located in Delta, BC, Canada.

CONTACT INFORMATION

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The TSX Venture Exchange or its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) does not accept responsibility for the adequacy or accuracy of this press release.

Non-GAAP Financial Measures

This press release contains certain financial performance measures that are not recognized or defined under IFRS ("Non-GAAP Measures") including, but not limited to, "Adjusted EBITDA". As a result, this data may not be comparable to data presented by other companies.

The Company believes that these Non-GAAP Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operational performance of the Company as well as its liquidity. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. For more information, please refer to the "Selected Financial Information" section in the MD&A for the year ended December 31, 2023, which is available on SEDAR+ at www.sedarplus.ca.

Adjusted EBITDA

Below is the Company's quantitative reconciliation of Adjusted EBITDA calculated as earnings (losses) from operations before interest, tax, depreciation and amortization, share-based compensation expense, and fair value changes. The following table presents the Company's reconciliation of Adjusted EBITDA to the most comparable IFRS financial measure for the three and six months ended June 30, 2024.

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2024	2023	2024	2023
	\$	\$	\$	\$
Profit / (Loss) from operations	118,567	(160,396)	(1,619,919)	(464,893)
IFRS fair value accounting related to cannabis plants and inventory	(398,790)	606,406	(563,042)	466,943
	(280,223)	446,010	(2,182,961)	2,050
Depreciation and amortization	831,949	775,227	1,608,629	1,520,010
Share-based compensation expense	307,434	546,684	1,010,280	414,526
Adjusted EBITDA	859,160	1,767,921	435,948	1,936,586

‡ Included in Adjusted EBITDA in the six months ended June 30, 2024 is \$0.5 million of one-time costs incurred for the ERP implementation project.

Free Cash Flow

Free cash flow is a non-GAAP measure used by management that is not defined by IFRS and may not be comparable to similar measures presented by other companies. Management believes that free cash flow presents meaningful information regarding the amount of cash flow required to maintain and organically expand our business, and that the free cash flow measure provides meaningful information regarding our liquidity requirements.

Free cash flow is calculated as net cash provided by (used in) operating activities, less purchases of and deposits on property, plant and equipment.

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash from operating activities	1,050,411	2,371,322	191,253	2,563,846
Purchases of and deposits on property, plant and equipment	(313,668)	(652,733)	(697,672)	(1,139,065)
Free Cash Flow	736,743	1,718,589	(506,419)	1,424,781

Cautionary Statement Regarding Forward Looking Information

This press release contains forward-looking information within the meaning of applicable securities laws. All statements that are not historical facts, including without limitation, statements regarding future estimates, plans, programs, forecasts, projections, objectives, assumptions, expectations or beliefs of future performance, statements regarding Rubicon Organics' goal of achieving industry leading profitability are "forward-looking statements". Forward-looking

information can be identified by the use of words such as “will” or variations of such word or statements that certain actions, events or results “will” be taken, occur or be achieved.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward looking statements. The forward-looking information in this press release is based upon certain assumptions that management considers reasonable in the circumstances, including the impact on revenue of new products and brands entering the market, and the timing of achieve Adjusted EBITDA¹ profitability and cashflow positive. Risks and uncertainties associated with the forward looking information in this press release include, among others, dependence on obtaining and maintaining regulatory approvals, including acquiring and renewing federal, provincial, local or other licenses and any inability to obtain all necessary governmental approvals licenses and permits for construction at its facilities in a timely manner; regulatory or political change such as changes in applicable laws and regulations, including bureaucratic delays or inefficiencies or any other reasons; any other factors or developments which may hinder market growth; Rubicon Organics' limited operating history and lack of historical profits; reliance on management; and the effect of capital market conditions and other factors on capital availability; competition, including from more established or better financed competitors; and the need to secure and maintain corporate alliances and partnerships, including with customers and suppliers; and those factors identified under the heading "Risk Factors" in Rubicon Organic's annual information form dated March 27, 2024 filed with Canadian provincial securities regulatory authorities.

These factors should be considered carefully, and readers are cautioned not to place undue reliance on such forward-looking statements. Although Rubicon Organics has attempted to identify important risk factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other risk factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in forward-looking statements. Rubicon Organics assumes no obligation to update any forward-looking statement, even if new information becomes available as a result of future events, new information or for any other reason except as required by law.

We have made numerous assumptions about the forward-looking statements and information contained herein, including among other things, assumptions about: optimizing yield, achieving revenue growth, increasing gross profit, operating cashflow and Adjusted EBITDA¹ profitability. Even though the management of Rubicon Organics believes that the assumptions made, and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in forward-looking statements. Investors are cautioned against undue reliance on forward-looking statements or information. Forward-looking statements and information are designed to help readers understand management's current views of our near and longer term prospects and may not be appropriate for other purposes. Rubicon Organics assumes no obligation to update any forward-looking statement, even if new information becomes available as a result of future events, changes in assumptions, new information or for any other reason except as required by law.