

RWB Completes Transformational Florida Divestiture, Expected to Eliminate Over \$123 Million of Liabilities and Significantly Strengthen the Company's Balance Sheet

The Transaction aligns with the Company's mandate to focus on profitable growth opportunities

TORONTO, July 14, 2026 (GLOBE NEWSWIRE) -- **Red White & Bloom Brands Inc. (CSE: RWB)** (the "Company" or "RWB") is pleased to announce the successful closing of the previously disclosed transaction (the "Transaction") involving its Florida operations with M&V Investment One LLC and its affiliates (collectively, "M&V") and Royal Group Resources Ltd. ("RGR").

The Transaction represents a significant milestone for RWB, significantly strengthening the Company's financial position through the expected elimination of more than \$123 million of consolidated liabilities, the removal of substantial future funding obligations associated with the Florida operations, and the divestiture of a business that generated negative contributions to the Company's consolidated financial performance. Following the Transaction, RWB will focus its capital and management resources on organic growth, brand licensing, and the acquisition of existing scaled businesses, while continuing the integration of the recently acquired Ayurcann business. All dollar amounts in this press release are expressed in Canadian dollars unless otherwise indicated.

Management Commentary

Colby De Zen, President of RWB, commented, "This transaction fundamentally reshapes RWB's financial profile. By eliminating an estimated \$123 million of liabilities from our balance sheet and removing ongoing funding requirements, we have materially strengthened the Company and significantly reduced our financial risk."

De Zen further added, "Our focus is now squarely on expanding our brand portfolio, further strengthened by the addition of the Fuego, XPLOR, and Happy & Stoned brands through the Ayurcann acquisition, as we continue executing on our long-term growth strategy. We believe we now have a stronger operating platform, improved financial flexibility, and a clear path towards sustained profitable growth and shareholder value."

Financial Impact¹ — upon deconsolidation, RWB expects to:

- Derecognize approximately \$140.9 million of assets;
- Derecognize approximately \$123.2 million of liabilities;
- Record an estimated non-cash gain of approximately \$47.7 million; and

- Eliminate all future funding obligations relating to the Florida business, including obligations that historically gave rise to annual interest expense of approximately \$10.0 million (FYE2025).

The disclosures associated with the deconsolidation transaction, including the non-cash gain, remain subject to the completion of the Company's 2026-Q2 condensed interim consolidated financial statements and the final vetting of the deconsolidation transaction by the Company's auditors as part of its 2026-YE financial reporting.

The Company will reflect the deconsolidation of RWB Florida, LLC and Red White & Bloom Florida Inc. ("RWB Florida") in its condensed interim consolidated financial statements for the three and six months ended June 30, 2026, in accordance with IFRS 10, *Consolidated Financial Statements*. Management has determined that control of RWB Florida, within the meaning of IFRS 10, transferred to M&V effective April 1, 2026, being the date on which M&V assumed responsibility for directing the relevant activities and funding RWB Florida, and became exposed to the variable returns of the business. Legal closing was conditional upon receipt of The Office of Medical Marijuana Use ("OMMU") approval, which has now been obtained. The Company does not retain a continuing obligation to fund RWB Florida's operations, nor will it retain any equity interest in RWB Florida.

Transaction Summary

Debt Purchase. M&V completed the acquisition of a senior secured promissory note and related security interests held by RGR in respect of RWB Florida, together with all intercompany debt instruments issued by RWB Florida and held by the Company and its affiliates.

Equity Transfer. The Company has completed the transfer of all its majority equity interests in RWB Florida to M&V. The Transaction was completed with the primary economic benefit to the Company consisting of the releases from liabilities and guarantees described below. The OMMU has granted regulatory approval of the change of control as it relates to the licensed RWB Florida operations. OMMU's approval was granted in the exercise of its sole regulatory discretion.

Licensed operations conducted by RWB Florida have continued uninterrupted throughout the regulatory review process. As a condition of closing, M&V has assumed the obligations underlying all guarantees previously provided by the Company and its affiliates on behalf of RWB Florida, and the Company and its affiliates have obtained full and unconditional releases from those guarantees from the applicable counterparties. These include guarantees relating to indebtedness incurred in connection with the Company's acquisition and subsequent funding of the Florida operations, certain retail lease guarantees, and the surety bond related to the Florida MMTC license.

About Red White & Bloom Brands Inc.

Red White & Bloom Brands Inc. is a publicly listed multi-jurisdictional cannabis company with operations across Canada and the United States. The Company is listed on the Canadian Securities Exchange under the symbol "RWB."

For further information, please contact:

Edoardo Mattei, Chief Financial Officer
Red White & Bloom Brands Inc.
Email: ir@rwbbbrands.com

The Canadian Securities Exchange has neither approved nor disapproved the contents of this press release. Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

Visit us on the web: <https://www.redwhitebloom.com/>

Follow us on social media:

Twitter: @rwbbbrands

Facebook: @redwhitebloombrands

Instagram: @redwhitebloombrands

FORWARD LOOKING INFORMATION

This press release contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities legislation (collectively, “forward-looking information”). Forward-looking information includes, but is not limited to, statements regarding: the expected accounting treatment of the Transaction, including the timing of the deconsolidation of RWB Florida under IFRS 10 and the estimated non-cash gain and derecognition of assets and liabilities expected to be recognized in the Company’s interim financial statements for the three and six months ended June 30, 2026; the anticipated benefits of the Transaction to the Company, including the release of guarantees and the elimination of any continuing funding obligations; and the Company’s strategy for its operations, including the integration of Ayurcann Inc., potential organic growth initiatives and acquisitions of scaled businesses, and expectations regarding future growth and long-term shareholder value. Often, but not always, forward-looking information can be identified by the use of words such as “expects,” “anticipates,” “estimated,” “will,” “intends” or variations of such words and phrases.

The estimated non-cash gain of approximately \$47.7 million and the estimated derecognition of approximately \$140.9 million of total assets and \$123.2 million of total liabilities, and the related estimated components of the gain, described in this press release constitute a “financial outlook” within the meaning of applicable Canadian securities legislation. This financial outlook was approved by management of the Company as of the date of this press release and is provided for the purpose of assisting readers in understanding the expected impact of the Transaction on the Company’s consolidated financial statements and may not be appropriate for other purposes. Actual amounts will be determined upon completion of the Company’s interim unaudited condensed consolidated financial statements for the period ending June 30, 2026, and may differ materially from the estimates presented herein.

Forward-looking information is based on a number of material factors and assumptions, including: that control of RWB Florida transferred to M&V such that deconsolidation under IFRS 10 is effective as of April 1, 2026 and will be reflected in the Company’s financial statements for the second quarter of 2026; that the carrying amounts of RWB Florida’s assets and liabilities, including intercompany balances and intangible assets, as at the

deconsolidation date will not change materially upon completion of the Company's interim financial statements; that no material post-closing adjustments will arise under the Transaction agreements; that M&V and RWB Florida will perform their respective obligations under the Transaction documents; that the releases of guarantees obtained by the Company and its affiliates are valid, binding and enforceable and that neither the Company nor its affiliates will have any residual, contingent or continuing liability or funding obligation relating to RWB Florida; a foreign exchange rate of C\$1.39 per US\$1.00 applicable to the translation of U.S. dollar denominated balances; that the Company will realize the anticipated benefits of the release of guarantees and funding obligations; and that the tax consequences of the Transaction will be consistent with management's expectations.

Forward-looking information is subject to known and unknown risks and uncertainties, many of which are beyond the Company's control, that could cause actual results or events to differ materially from those disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to: the risk that the Company's auditors may not concur with management's determination regarding the accounting treatment of the Transaction or the date on which control of RWB Florida transferred under IFRS 10, which could result in a different deconsolidation date, accounting presentation or financial impact; the risk that the final accounting for the deconsolidation, including the amount of the non-cash gain, may differ materially from current estimates upon completion and review of the Company's interim financial statements; changes in the measurement of assets, liabilities, intercompany balances or intangible assets as at the deconsolidation date; fluctuations in foreign exchange rates; the risk of non-payment or non-performance by M&V or RWB Florida under the Transaction documents; the risk that any guarantee release may be challenged, unenforceable or otherwise fail to fully release the Company or its affiliates from residual, contingent or continuing liabilities; the risk that the anticipated benefits of the Transaction may not be realized as expected or at all; the risk that the tax consequences of the Transaction may differ from management's expectations; risks relating to the integration of Ayurcann Inc.; changes in market, economic and regulatory conditions, including in the Canadian cannabis industry; and the other risk factors described in the Company's continuous disclosure filings available under its profile on SEDAR+ at www.sedarplus.ca.

Although the Company believes that the expectations reflected in the forward-looking information contained in this press release are reasonable as of the date hereof, there can be no assurance that such expectations will prove to be correct, and readers are cautioned not to place undue reliance on forward-looking information. All forward-looking information contained in this press release is made as of the date hereof. The Company does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

¹ On the deconsolidation date, RWB Florida had total assets of approximately \$140.9 million and total liabilities of approximately \$123.2 million (net assets, including intercompany balances and intangible assets, of approximately \$17.7 million), which will be derecognized from the Company's consolidated statement of financial position. The deconsolidation is expected to result in a non-cash gain of approximately \$47.7 million in the Company's consolidated statement of operations for the three and six months ended June 30, 2026, reflecting the derecognition of the deficit attributable to RWB Florida, including the non-controlling interest, of approximately \$134.3 million, partially offset by the derecognition of

RWB Florida's net assets (as noted above, approximately \$17.7 million) and of the Company's investment in the Florida operations of approximately \$55.7 million, and the reclassification of cumulative foreign currency translation losses of approximately \$13.2 million, in each case as of the deconsolidation date.



Source: Red White & Bloom Brands Inc.