

Rubicon Organics – Private Placement to Increase Pacifica Capacity by 40%

Rating
BUY
Unchanged

Target Price
\$1.00
Unchanged

October 19, 2026

Disseminated on Behalf of Rubicon Organics Inc.

All figures in CAD unless otherwise stated

Rubicon Organics Inc.	ROMJ:TSXV
Rating	BUY
Target Price	\$1.00
Return to Target	127%

Market Data	
Share Price	\$0.44
Average Daily TSXV Volume (K)	37.8
FD ITM Shares (M)	73.8
Market Cap (\$M)	\$32.5
Cash & Marketable Securities (\$M)	\$3.0
Debt (\$M)	\$15.6
Enterprise Value (\$M)	\$45.2

FYE Dec 31	2025A	2026E	2027E
Revenue (\$M)	\$59.5	\$73.8	\$86.5
Gross Margin (%)	33%	32%	39%
Adj. EBITDA (\$M)	\$5.0	\$4.7	\$12.0
Adj. EBITDA Margin (%)	8%	6%	14%
Net Income (\$M)	\$1.1	\$0.8	\$9.1
EPS (Basic)	\$0.02	\$0.02	\$0.14
FCFF (\$M)	(\$11.5)	(\$1.8)	\$4.7

Valuation	2025A	2026E	2027E
EV/EBITDA	9.0x	9.6x	3.8x
EV/Sales	0.8x	0.6x	0.5x
P/E	N/A	N/A	3.6x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



Rubicon Organics is a Canadian leader in premium, certified organic cannabis. With a vertically integrated model and strong national distribution, the company is scaling a house of trusted, high-performing brands including Simply Bare™ Organics, 1964 Supply Co.™, Wildflower™, and Homestead Cannabis Supply™.

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What you need to know:

- ROMJ announced a \$3.0M private placement with Siwash Rock Investments at \$0.45/share, including no warrants or finder's fees.
- The financing will go toward upgrading lighting solutions at Pacifica, increasing total annual capacity by 29% from 15,500kg to 20,000kg. This will also contribute to lower per-unit costs and increased gross margins.
- We also provide a preview of Q3 financials which we believe are a key catalyst for the stock.

Yesterday, Rubicon Organics Inc. (ROMJ:TSXV, ROMJF:OTCQX) announced a \$3.0M private placement which will go towards upgrading lighting infrastructure at Pacifica. This should result in annual production capacity increasing 40% from 15,500kg to 20,000kg. We also provide a preview of our Q3 financials, which we expect to be a major inflection point for the Company, with the Cascadia ramp progressing. **We are maintaining our BUY rating and \$1.00/share target price on ROMJ.**

Private Placement for Lighting Project

Rubicon closed on a strategic non-brokered private placement with Siwash Rock Investments (led by Ted Reid), issuing ~6.67M common shares at \$0.45/share for gross proceeds of ~\$3.0M. This represents a slight premium to the last close. Proceeds will primarily be used to upgrade cultivation lighting and related infrastructure at the Pacifica facility ("The Lighting Project"), with the remainder allocated to working capital. The upgrades are expected to increase Pacifica's annual production capacity by 40% to 15,500kg, bringing total Company capacity, including the Cascadia facility, to 20,000kg by June 2027. This accelerates ROMJ's expansion plans by approximately one year, capturing the winter 2026 season.

Management stated that demand for Rubicon's premium-quality cannabis has consistently exceeded its supply capacity, and the investment is expected to help address unmet demand by increasing total production capacity by 29%, while also lowering per-unit costs and increasing gross margins. As for our model, we have increased our expectations for 2027, now modelling revenue of \$86.5M (previously \$83.7M) and adjusted EBITDA of \$12.0M (previously \$11.6M). The bulk of the benefits from this project will be seen in 2028 (estimates not introduced yet).

Q3 Financials Preview

ROMJ will be reporting Q3 financial results around mid-November. This represents an important quarter as Cascadia's revenue begins to increase and margins are expected to improve. We are expecting the following results (unchanged).

- Revenue of \$20.2M (+29% YoY, +50% on the two-year stack) vs. Capital IQ consensus of \$20.0M.
- Gross margin of 36% compared to 29% in Q2/26 and 34% in Q3/25.
- Adjusted EBITDA of \$1.7M (9% margin, flat YoY) vs. consensus of \$2.0M.

Expands UK Portfolio with Full Spectrum Vapes

On September 18th, ROMJ announced the launch of 1964 full spectrum vapes in the United Kingdom through its distribution partnership with 4C LABS. The launch builds on 1964's initial UK entry in April with its Blue Dream and Stinky Pinky flower strains (see our note [here](#)), a portfolio that has since expanded to include Apples and Bananas flower. Extending the brand's premium genetics into vape formats gives UK medical patients additional consumption options beyond flower while broadening 1964's presence in a fast-growing market, with management citing UK patient numbers expected to grow 40% this year and rising demand for vape products.

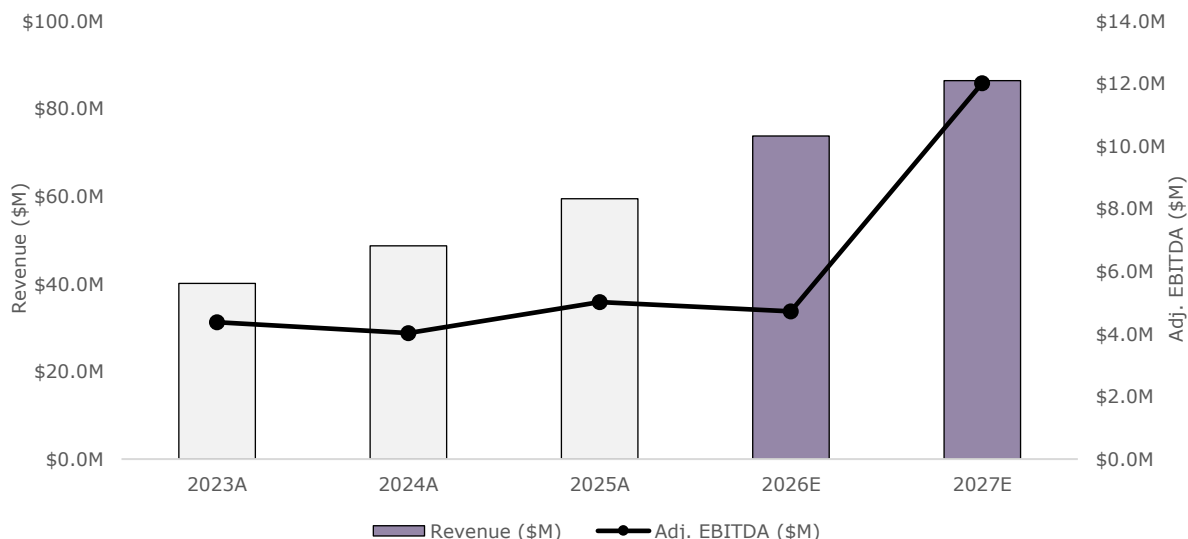


Figure 1: Revenue & Adjusted EBITDA

Health Canada Proposes Ending Federal Cannabis Tracking

On September 26th, Health Canada proposed a major reduction in federal cannabis reporting requirements. This does not materially change our outlook, but it is a step towards reducing the heavy regulations in Canada. Here is a summary of the proposed changes:

- Provincial distributors, retailers and regulators would no longer need to report under the federal Cannabis Tracking System.
- Federal licence holders reporting would be simplified, including removing inventory book value and some production-capacity disclosures.
- Inventory categories reduced from 14 to 7.
- Health Canada estimates ~\$19M in annual savings, including ~\$15.7M for small businesses.
- Provincial changes upon final publication; federal licence-holder changes January 1st, 2028.

Why We Like ROMJ

- Rubicon is a leading producer of premium certified organic cannabis in Canada, holding top market share in multiple categories and growing revenue at 44% CAGR since 2020 while maintaining profitability since 2022.
- The newly acquired Cascadia facility will increase production capacity by 40%, positioning the Company for accelerated growth and improved economies of scale in 2026.
- ROMJ has a seasoned management team with backgrounds in cannabis, CPG, and finance, led by CEO Margaret Brodie and former Aurora Cannabis CFO Glen Ibbott, underpinning disciplined execution and sustainable growth.
- With forecasted 14% adjusted EBITDA margins in 2027E, Rubicon trades at just 3.8x 2027E EBITDA, a discount to peers and the historical valuations of LPs.

Catalysts

- Quarterly Financial Results – Ongoing
- Cascadia Sales Ramp – H2/26
- International Shipments – Ongoing

Tear Sheet

Market Data		Capital Structure	
Ticker	ROMJ:TSXV	Basic Shares Outstanding (M)	67.6
Stock Price	\$0.44	Warrants (M)	5.3
Rating	BUY	Options (M)	1.5
Target Price	\$1.00	FD Shares (M)	74.4
Upside	127%	FD ITM Shares (M)	73.8
Market Cap (\$M)	\$32.5	Ownership	
Cash (\$M)	\$3.0	Jesse McConnell (Founder)	18%
Debt (\$M)	\$15.6	Eric Savics	14%
EV (\$M)	\$45.2	Management & Board	9%

Financial Estimates												
	2024A	Q1/25A	Q2/25A	Q3/25A	Q4/25A	2025A	Q1/26A	Q2/26A	Q3/26E	Q4/26E	2026E	2027E
Revenue (\$M)	48.7	12.4	15.0	15.6	16.5	59.5	13.7	18.5	20.2	21.4	73.8	86.5
% YoY	21%	39%	24%	16%	16%	22%	11%	23%	29%	30%	24%	17%
Gross Profit (\$M)	15.3	3.8	5.1	5.3	5.3	19.5	2.7	5.4	7.3	8.1	23.6	34.1
Gross Margin	31%	31%	34%	34%	32%	33%	20%	29%	36%	38%	32%	39%
Adj. EBITDA (\$M)	4.0	0.7	1.4	1.7	1.2	5.0	(0.6)	1.1	1.7	2.5	4.7	12.0
Adj. EBITDA Margin	8%	6%	9%	11%	7%	8%	-4%	6%	9%	12%	6%	14%
Net Income (\$M)	(2.6)	(0.3)	0.8	2.8	(2.2)	1.1	(2.8)	0.4	1.2	1.9	0.8	9.1
EPS (Basic)	(0.04)	(0.01)	0.01	0.04	(0.03)	0.02	(0.04)	0.01	0.02	0.03	0.02	0.14
FCFF (\$M)	1.9	(1.7)	(4.3)	(0.2)	(5.2)	(11.5)	(0.2)	(2.1)	0.8	(0.4)	(1.8)	4.7

Figure 2: Tear Sheet

Estimate Revisions

	Q3/26E		Q4/26E		2026E		2027E	
	New	Previous	New	Previous	New	Previous	New	Previous
Revenue (\$M)	\$20.2	\$20.2	\$21.4	\$21.4	\$73.8	\$73.8	\$86.5	\$83.7
Gross Margin (%)	36.0%	36.0%	38.0%	38.0%	32.0%	32.0%	39.4%	39.4%
Adj. EBITDA (\$M)	\$1.7	\$1.7	\$2.5	\$2.5	\$4.7	\$4.7	\$12.0	\$11.6
Net Income (\$M)	\$1.2	\$1.2	\$1.9	\$1.9	\$0.8	\$0.8	\$9.1	\$8.7

Figure 3: Estimate Revisions

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