

# **Cannabis Operator Red White and Bloom Reworks Debt Structure**

## **Red White & Bloom Brands Restructures \$105 Million Debt to Strengthen Operations and Focus on Profitable Growth**

Canada-based cannabis multistate operator, Red White & Bloom Brands, has made significant strides to enhance its financial stability by restructuring approximately 145 million Canadian dollars (around \$105 million) of its outstanding debt. The strategic restructuring is part of a broader debt-renewal program aimed at improving the company's financial position and redirecting efforts towards more profitable growth initiatives. The move has been welcomed by stakeholders as a way to reduce shareholder dilution, lower the company's debt-carrying costs, and streamline operations for long-term success.

### **A Major Step in Debt Restructuring to Reduce Shareholder Dilution and Optimize Operations**

In a move that could reshape the future of Red White & Bloom Brands, the company announced that it has restructured its debt, significantly reducing the potential dilution of its shareholders. This restructuring eliminated the potential dilution of 198 million common shares, a substantial 42.1% of the issued and outstanding common shares. This is expected to preserve the value for existing shareholders and restore confidence in the company's ability to weather market challenges while focusing on its operational priorities.

This transaction comes at a pivotal moment in Red White & Bloom's journey, as it attempts to rebalance its financial structure to foster a future of growth and stability. The restructuring of this large debt portion includes the extension of maturity dates for \$33 million worth of restructured debt to November 2026. Additionally, the remaining debt balance of \$112 million will now have its maturity date extended to September 2017, providing the company with much-needed breathing room and the ability to plan ahead with greater flexibility.

### **How the Debt Restructuring Benefits Red White & Bloom Brands: Key Financial Relief**

Red White & Bloom's debt restructuring provides substantial financial relief. The company has secured several benefits that will play a key role in its ability to reinvest in its operations and realign for profitable expansion. Most notably, the restructuring deferred cash interest and principal payments on the restructured debt until their new maturity dates, which will alleviate immediate financial pressure.

Furthermore, the principal of the restructured debt has been reduced by \$5 million, further lowering the company's total debt burden. The reduction in debt will also lead to annualized interest expense savings of \$2.5 million, which can be redirected towards operational improvements and growth initiatives.

### **Expanded Audit Delays: Red White & Bloom to Complete Year-End Audit by May 30**

Despite these advancements, Red White & Bloom Brands is facing delays in completing its year-end audit. The company attributed the delay to the expanded scope of the audit procedures needed to address the complexity of certain transactions and to ensure that financial records for previous periods are accurate. This delay has not deterred the company from its restructuring goals, however, and Red White & Bloom is working diligently to finalize the audit. The company has confirmed that it expects to complete the audit and file it by May 30.

The delayed audit has added to the ongoing challenges faced by Red White & Bloom, especially following the appointment of a receiver for the assets of PharmaCo, a property acquired by Red White & Bloom in February 2022. The receiver was appointed by a Michigan circuit court just four months ago, but Red White & Bloom has continued its strategic restructuring and operational focus despite these setbacks.

## **Restructuring During a Time of Ongoing Market Challenges: A Sign of Resilience**

Red White & Bloom operates in several competitive cannabis markets across the United States, including key states like Arizona, California, Florida, Illinois, Massachusetts, and Michigan. The company's debt restructuring represents a proactive approach to realign operations during a time of ongoing market volatility. With cannabis regulation and the broader industry still experiencing regulatory and financial uncertainties, Red White & Bloom's decision to restructure its debt illustrates the company's resilience and long-term vision for continued operations in the U.S. market.

By focusing on profitable growth initiatives, Red White & Bloom plans to further expand its presence in these states, where the cannabis market continues to mature and evolve. The restructuring is designed not only to ease the financial pressures of the company but also to create opportunities for further growth in a competitive industry.

## **Red White & Bloom's Path to Financial Stability and Operational Success**

The company has made it clear that this debt restructuring is part of its broader effort to enhance financial health and streamline operations in the cannabis sector. By lowering debt-carrying costs, reducing shareholder dilution, and extending debt maturity dates, Red White & Bloom is positioning itself for a more stable and profitable future.

The restructuring signals that Red White & Bloom is prepared to tackle its current challenges head-on while maintaining a long-term focus on sustainable business practices. In addition to the operational realignment, the company's decision to eliminate the dilution of shares should help to rebuild investor confidence, which will be vital for its success as it continues to operate in an ever-changing cannabis market.

Red White & Bloom continues to trade under the ticker RWB on the Canadian Securities Exchange, and the company's debt restructuring is likely to be a focal point for investors and industry watchers alike as they monitor the company's progress and future growth.

## **Red White & Bloom's Strategic Move to Secure Financial Future in the Cannabis Industry**

In summary, Red White & Bloom's decision to restructure approximately \$105 million in debt is a bold move designed to help the company navigate the complexities of the cannabis market. By extending debt maturity dates, reducing debt burdens, and preserving shareholder equity, the company is well-positioned to weather the challenges it faces in a competitive and often uncertain industry. While the delay in its year-end audit and the recent appointment of a receiver for PharmaCo have created additional hurdles, Red White & Bloom's strategic focus on debt renewal and financial stability will allow it to continue pursuing its growth

and expansion goals. Investors and industry participants will be keeping a close eye on the company's progress as it works to build a profitable and sustainable future.

**Red White & Bloom Brands** is on a path of realignment, with renewed optimism for growth and an improved financial outlook as it restructures debt and focuses on maximizing its opportunities in the U.S. cannabis market.

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