



Grown Rogue Reports Audited Fiscal Year 2021 Results

- 2021 Revenue of \$9.4M compared to \$4.3M in 2020, an increase of 121%
- 2021 Gross Profit of \$5.2M (56% margin), before fair value adjustments, compared to \$1.8M (43% margin) in 2020, an increase of 188% and 1300 basis points
- 2021 aEBITDA¹ of \$2.2M (24% margin) compared to \$0.3M (6% margin) in 2020, an increase of 797% and 1800 basis points
- 2021 cash flow from operations, before changes in working capital, of \$1.9M compared to (\$0.2M) in 2020
- Q4 2021 contributed \$1.2M of aEBITDA¹ and \$0.9M of cash flow from operations, before changes in working capital, as efficiencies and added production were realized
- Michigan operations (through Golden Harvests, LLC) report industry leading gross margin of 73% (before fair value adjustments) and segmented aEBITDA¹ margin of 58%

Medford, Oregon, March 1, 2022 – Grown Rogue International Inc. (“Grown Rogue” or the “Company”) (CSE: GRIN) (OTC: GRUSF), a multi-state cannabis company with operations and assets in Oregon and Michigan, reports audited results for the fiscal year ended October 31, 2021. All financial information is provided in U.S. dollars unless otherwise indicated.

2021 Highlights

- Positive aEBITDA for eighth consecutive quarters, including pro-forma results²
- Increased indoor whole flower production from 400 pounds/month in Q1 2021 to 1250/month in Q4 2021
- Launched branded 1/8oz flower bags and our patented nitrogen sealed jars in Michigan market
- Fastest growing brand in Oregon in September and October, according to LeafLink
- Exited calendar 2021 as a top 10 flower wholesaler in Michigan, according to LeafLink’s MarketScape
- Exercised option, through Canopy Management, LLC, to acquire 60% controlling interest in Golden Harvest, LLC, allowing consolidation of financial results from Michigan
- Raised gross proceeds of \$6.6M in fiscal 2021 to fund expansion
- Total assets of \$14.2M at year end 2021 compared to \$3.8M at year end 2020, an increase of 277%
- Retired senior secured convertible debentures
- Subsequent to year end, Grown Rogue raised \$1.3M in a non-brokered private placement; including \$1.0M from Bengal Capital, a venture capital firm with significant cannabis expertise, and \$0.3M from the company CEO

Management Commentary



“Grown Rogue grew substantially in 2021 driven by continued expansion in Michigan and Oregon. We started 2021 producing approximately 200 pounds of indoor whole flower/month and ended the year producing more than 1250 pounds/month. Our focus on building the premier craft flower company at scale is being realized in all aspects of our business particularly quality, yield, and costs per pound.” said Obie Strickler, CEO of Grown Rogue. “Despite 2021 being a difficult year for our peers, we grew aEBITDA ~800% year over year and achieved some of the highest margins in the industry, as a wholesaler in two very competitive markets. The company continues to gain market share in both Oregon and Michigan as our customers and retail partners value our quality, consistency, and service. Our recent soft launch of nitrogen sealed pre-rolls in Michigan has been well received and we are excited to push into additional product categories in 2022.”

Highlights by State

Oregon Operations

- 2021 Revenue of \$5.2M compared to \$3.8M in 2020, an increase of 34%
- 2021 Gross profit, before fair value adjustments, of \$2.2M (43% margin) compared to \$1.7M (44% margin) in 2020, an increase of 31%
- Segmented aEBITDA of \$1.7M (33% margin) compared to \$0.3M (6% margin) in 2020, an increase of 576%
- Average selling price of indoor whole flower in 2021 of \$1005/pound compared to \$1201/pound in 2020, a decrease of 16%
- Segmented aEBITDA margin expanded 2700 basis points despite a double-digit percent decline in average selling prices
- 2021 Outdoor harvest of 5,500 pounds of whole flower compared to 2,300 pounds in 2020, an increase of 139%
- Increased indoor production run rate from 200 pounds/month in Q1 2021 to 700 pounds/month in Q4 2021

Michigan Operations (through Golden Harvest, LLC)

- 2021 Revenue of \$3.9M and pro-forma revenue² of \$6.4M, compared to \$2.5M in 2020, an increase of 158%
- 2021 Gross profit of \$2.8M, gross margin of 73%, before fair value adjustments
- Segmented aEBITDA of \$2.2M, aEBITDA margin of 58%
- Average selling price of indoor whole flower of \$1887/pound
- Increased indoor production run rate from 200 pounds/month in Q1 2021 to 550 pounds/month in Q4 2021
- Improved wholesale position in bulk flower sales from 20th in Q2 2021 to 10th in Q4 2021, according to LeafLink’s MarketScape



Selected Financial Information (Complete financial tables have been filed on www.sedar.com)

STATEMENTS OF FINANCIAL POSITION	October 31, 2021		October 31, 2020	
ASSETS				
Current assets				
Cash	\$	1,114,033	\$	217,788
Accounts receivable		739,248		172,121
Biological assets		1,188,552		250,690
Inventory		3,306,312		1,124,360
Prepaid expenses and other assets		357,541		69,816
Total current assets	\$	6,705,686	\$	1,834,775
Marketable securities		610,092		585,035
Other investments		750,000		187,812
Property and equipment		5,742,584		1,151,799
Intangible assets and goodwill		399,338		4,997
TOTAL ASSETS	\$	14,207,700	\$	3,764,418
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$	1,766,707	\$	1,059,971
Current portion of lease liabilities		624,935		100,277
Current portion of long-term debt		843,900		46,099
Business acquisition consideration payable		358,537		-
Interest payable		13,750		9,367
Derivative liabilities		-		583,390
Income tax		254,631		-
Total current liabilities	\$	3,862,460	\$	1,799,104
Accrued liabilities		123,413		389,816
Lease liabilities		1,735,503		16,630
Long-term debt		1,365,761		753,715
Convertible debentures		-		1,739,678
Deferred rent		-		10,494
TOTAL LIABILITIES	\$	7,087,137	\$	4,709,437
EQUITY				
Share capital	\$	20,499,031	\$	14,424,341
Shares issuable		74,338		-
Contributed surplus		6,407,935		4,070,264
Accumulated other comprehensive income (loss)		(90,378)		(12,197)
Accumulated deficit		(21,804,349)		(19,394,044)
Equity attributable to shareholders	\$	5,086,577	\$	(911,636)
Non-controlling interest		2,033,986		(33,383)
TOTAL EQUITY	\$	7,120,563	\$	(945,019)
TOTAL LIABILITIES AND EQUITY	\$	14,207,700	\$	3,764,418

STATEMENTS OF COMPREHENSIVE LOSS	Years ended October 31,	
	2021	2020
Revenue		
Product sales	9,034,618	3,846,223
Service revenue	344,055	393,381
Total revenue	9,378,673	4,239,604
Cost of goods sold		
Cost of finished cannabis inventory sold	(3,997,617)	(2,155,507)
Cost of service revenues	(154,353)	(271,167)
Gross profit, excluding fair value items	5,226,703	1,812,930
Realized fair value amounts in inventory sold	(950,461)	(1,482,725)
Unrealized fair value gain loss on growth of biological assets	1,824,226	1,515,492
Gross profit	6,100,468	1,845,697
Expenses		
Accretion expense	949,811	609,357
Amortization of intangible assets	4,997	26,600
Amortization of property & equipment	180,015	250,836
General and administrative	3,983,250	2,196,421
Share-based compensation	280,819	337,162
Total expenses	5,398,892	3,420,376
Gain (loss) from operations	701,576	(1,574,679)
Other income and (expense)		
Interest expense	(197,632)	(249,296)
Other income (expense)	(17,072)	14,750
Gain on disposal of subsidiary	-	1,574
Loss on debt restructure	-	(765,707)
Gain on derecognition of derivative liability	-	244,572
Gain on debt settlement	141,180	23,939
Loss on settlement of non-controlling interest	(189,816)	-
Unrealized loss on marketable securities	(35,902)	(263,483)
Unrealized gain (loss) on derivative liability	(1,258,996)	221,820
Loss on disposal of property and equipment	(7,542)	(9,978)
Loss from operations before taxes	(864,204)	(2,356,488)
Income tax	(150,543)	-
Net Loss	(1,014,747)	(2,356,488)
Other comprehensive income (items that may be subsequently reclassified to profit & loss)		
Currency translation	(78,181)	(134,117)
Total comprehensive loss	(1,092,928)	(2,490,605)
Loss per share attributable to shareholders – basic & diluted	(0.02)	(0.03)
Weighted average shares outstanding – basic & diluted	135,231,802	90,596,827
Net loss for the period attributable to:		
Non-controlling interest	1,395,558	(75,049)



Shareholders	(2,410,305)	(2,281,439)
Net loss	(1,014,747)	(2,356,488)
Comprehensive loss for the period attributable to:		
Non-controlling interest	1,395,558	(75,049)
Shareholders	(2,448,486)	(2,415,556)
Total comprehensive loss	(1,092,928)	(2,490,605)

GEOGRAPHICALLY SEGMENTED NET LOSS				
Year ended October 31, 2021	Oregon (\$)	Michigan (\$)	Corporate (\$)	Consolidated (\$)
Sales revenues	5,152,286	3,882,332	-	9,034,618
Service revenues	-	-	344,055	344,055
Costs of goods sold, excluding fair value adjustments	(2,934,990)	(1,062,627)	-	(3,997,617)
Costs of services revenues	-	-	(154,353)	(154,353)
Gross profit (loss) before fair value adjustments	2,217,296	2,819,705	189,702	5,226,703
Net fair value adjustments	108,008	765,757	-	873,765
Gross profit	2,325,304	3,585,462	189,702	6,100,468
Expenses				
General and administration	1,148,216	680,924	2,154,110	3,983,250
Depreciation and amortization	87,850	19,316	77,846	185,012
Share based compensation	85,662	-	195,157	280,819
Other (income) and expense:				
Gain on sale of assets	7,573	(31)	-	7,542
Interest and accretion	204,869	107,200	835,374	1,147,443
Unrealized loss (gain) on marketable securities	-	-	35,902	35,902
Gain on debt settlement	(124,556)	-	(16,624)	(141,180)
Other income and expense	16,953	119	-	17,072
Unrealized loss on derivative liability	-	-	1,258,996	1,258,996
Loss on non-controlling interest buyout	-	-	189,816	189,816
Net income (loss) before tax	898,737	2,777,934	(4,540,875)	(864,204)
Tax	8,648	141,895	-	150,543
Net income (loss) after tax	890,089	2,636,039	(4,540,875)	(1,014,747)



About Grown Rogue

[Grown Rogue International](#) (CSE: GRIN | OTC: GRUSF) is a vertically integrated, multi-state Cannabis family of brands on a mission to inspire consumers to “enhance experiences” through cannabis. We have combined an expert management team, award winning grow team, state of the art indoor and outdoor manufacturing facilities, and consumer insight-based product categorization, to create innovative products thoughtfully curated from “seed to experience.” The Grown Rogue family of products include sungrown and indoor premium flower, along with nitro sealed indoor and sungrown pre-rolls and jars.

NOTES:

1.

The Company’s “aEBITDA” is a non-IFRS measure used by management that does not have any prescribed meaning by IFRS and that may not be comparable to similar measures presented by other companies. The Company defines aEBITDA as the Company’s net income (loss) for a period, as reported, before interest, taxes, depreciation and amortization, and is further adjusted to remove transaction costs, stock-based compensation expense, accretion expense, gain (loss) on derecognition of derivative liabilities and the effects of fair-value accounting for biological assets and inventory. The Company believes that this is a useful metric to evaluate its operating performance.

2.

The Company has provided unaudited pro-forma revenue information, which assumes that closed and pending mergers and acquisitions in 2021 are included in the Company’s financial results as of the beginning of the quarterly and annual periods in 2020 and 2021 for the Company and target companies.

NON-IFRS FINANCIAL MEASURES

Cash production costs of Grown Rogue products, EBITDA and aEBITDA are non-IFRS measures and do not have standardized definitions under IFRS. The Company has also provided unaudited pro-forma financial information, which assumes that closed and pending mergers and acquisitions in 2021 are included in the Company’s financial results as of the beginning of the quarterly and annual periods in 2020 and 2021. The Company has provided the non-IFRS financial measures, which are not calculated or presented in accordance with IFRS, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. These supplemental non-IFRS financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-IFRS financial measures presented provide additional perspective and insights when analyzing the core operating performance of the business. These supplemental non-IFRS financial measures should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the IFRS financial measures presented herein. Accordingly, the following information provides reconciliations of the supplemental non-IFRS financial measures, presented herein to the most directly comparable financial measures calculated and presented in accordance with IFRS.

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FORWARD-LOOKING STATEMENTS

This press release contains statements which constitute “forward-looking information” within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs, and current expectations of the Company with respect to future business activities. Forward- looking information is often identified by the words “may,” “would,” “could,” “should,” “will,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “expect” or similar expressions and include information regarding: (i) statements regarding the future direction of the Company (ii) the ability of the Company to successfully achieve its business and financial objectives, (iii) plans for expansion of the Company into Michigan and securing applicable regulatory approvals, and (iv) expectations for other economic, business, and/or competitive factors. Investors are cautioned that forward-looking information is not based on historical facts but instead reflect the Company’s management’s expectations, estimates or projections concerning the business of the Company’s future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance, or achievements of the combined company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: changes in general economic, business and political conditions, including changes in the financial markets; and in particular in the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; adverse changes in the public perception of cannabis; decreases in the prevailing prices for cannabis and cannabis products in the markets that the Company operates in; adverse changes in applicable laws; or adverse changes in the application or enforcement of current laws; compliance with extensive government regulation and related costs, and other risks described in the Company’s public disclosure documents filed on www.sedar.com.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated, or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.

SAFE HARBOR STATEMENT

This press release may contain forward-looking information within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including all statements that are not statements of historical fact regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things: (i) the Company’s financing plans; (ii) trends affecting the Company’s financial condition or results of operations; (iii) the Company’s growth strategy and operating strategy; and (iv) the declaration and payment of dividends. The words “may,” “would,” “will,” “expect,” “estimate,” “anticipate,” “believe,” “intend” and similar expressions and variations thereof are intended to identify forward-looking statements. Also, forward-looking statements represent our management’s beliefs and assumptions only as of the date hereof. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond the Company’s ability to control, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors including the risk disclosed in the Company’s Form 20-F and 6-K filings with the Securities and Exchange Commission.

The Company is indirectly involved in the manufacture, possession, use, sale, and distribution of cannabis in the recreational cannabis marketplace in the United States through its indirect operating subsidiaries. Local state laws where its subsidiaries operate permit such activities however, these activities are currently illegal under United States federal law. Additional information regarding this and other risks and uncertainties relating to the Company’s business are disclosed in the Company’s Listing Statement filed on its issuer profile on SEDAR at www.sedar.com. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or forward-looking statements prove



incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated, or expected.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

For further information on Grown Rogue International please visit www.grownrogue.com or contact:

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