



Grown Rogue Reports First Quarter 2022 Results, aEBITDA of \$1.0M

- *Revenue of \$3.73M compared to \$1.05M in Q1 2021, an increase of 255%*
- *Gross profit, before fair value adjustments, of \$2.03M compared to \$0.50M in Q1 2021, an increase of 310%*
- *aEBITDA¹ of \$1.00M and aEBITDA¹ margin of 26.9% compared to aEBITDA¹ of \$0.05M and aEBITDA¹ margin of 4.8% in Q1 2021*
- *Segmented aEBITDA¹ (excluding corporate costs) of \$1.43M and segmented aEBITDA¹ margin of 38.3%*
- *Average selling price of indoor whole flower (excluding trim) of \$1,062 per pound*

Medford, Oregon, April 4, 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 fiscal first quarter 2022 results for the three months ended January 31, 2022. All financial information is provided in U.S. dollars unless otherwise indicated.

First Quarter 2022 Financial Summary

- Ninth consecutive quarter of positive aEBITDA¹, including pro-forma² results
- Third consecutive quarter of positive operating cash flow, before changes in working capital
- Third consecutive quarter of positive net income
- #1 indoor flower wholesaler in Oregon, according to LeafLink’s MarketSpace data
- Named fastest growing brand in Oregon during January, according to LeafLink; the third time in five months
- Net assets (excluding intangibles and goodwill) of \$8.23M compared to \$1.5M in net liabilities in Q1 2021
- Closed a non-brokered private placement for gross proceeds of \$1.30M which included an investment from Bengal Capital, a venture capital firm with significant cannabis expertise, and the Company’s CEO
- Subsequent to quarter end, Grown Rogue launched nitrogen sealed pre-rolls in Michigan

“Grown Rogue had a very strong quarter considering Q1 is typically the weakest quarter of our fiscal year”, said Obie Strickler, CEO of Grown Rogue. “Michigan was particularly strong with revenue up 10% quarter over quarter and Michigan state sales down 3% leading to large market share gains during the quarter. With our recent launch of pre-rolls in Michigan and continued build out of our 80,000 square foot facility, we expect further market share gains in 2022. I could not be more proud of our team as we were north of \$1M in aEBITDA for the second consecutive quarter and established Grown Rogue as the clear leader in the Oregon flower market, one of the most competitive states in the US. With our industry leading efficiencies and rapidly expanding craft production, we are excited to kick off 2022, where we



are focused on continuing to gain market share, by offering consistent quality and service, and launching into additional product categories in our states. We expect additional economies of scale will lower our breakeven costs in 2022, even as our data suggests Grown Rogue has the lowest indoor production breakeven of any public company in the U.S.”

Highlights by State

Oregon Operations

- Revenue of \$1.39M compared to \$0.87M in Q1 2021, an increase of 59%
- Gross profit, before fair value adjustments, of \$0.70M compared to \$0.49M in Q1 2021, an increase of 41%
- Gross margin, before fair value adjustments, of 50.4%
- Segmented aEBITDA¹ of \$0.41M and aEBITDA¹ margin of 29.4% compared to segmented aEBITDA¹ of \$0.05M and aEBITDA¹ margin of 4.8% in Q1 2021
- Average selling price of indoor whole flower of \$781/pound
- Indoor production run rate expected to increase to 1,000 pounds in Q2 2022
- #1 indoor flower wholesaler in Oregon, according to LeafLink’s MarketSpace data
- Named fastest growing brand in Oregon during January, according to LeafLink, and the third time in five months

Michigan Operations

- Revenue of \$2.34M compared to pro-forma² revenue of \$1.13M in Q1 2021, an increase of 108%
- Gross margin, before fair value adjustments, of 57.0%
- Segmented aEBITDA¹ of \$1.02M and aEBITDA¹ margin of 43.5% compared to pro-forma² segmented aEBITDA¹ of \$0.2M and aEBITDA¹ margin of 18.8%
- Average selling price of indoor whole flower of \$1,322/pound
- Indoor production run rate expected to increase to 750 pounds/month in Q2 2022
- Top 10 flower wholesaler in Michigan, according to LeafLink’s MarketSpace data
- Subsequent to quarter end, Grown Rogue launched nitrogen sealed pre-rolls



	January 31, 2022	October 31, 2021
	\$	\$
ASSETS		
Current assets		
Cash	1,607,878	1,114,033
Accounts receivable	1,029,971	739,248
Biological assets	1,521,500	1,188,552
Inventory	3,808,761	3,306,312
Prepaid expenses and other assets	299,013	357,541
Total current assets	8,267,123	6,705,686
Marketable securities	426,823	610,092
Other investments and purchase deposits	750,000	750,000
Property and equipment	6,392,274	5,742,584
Intangible assets and goodwill	399,338	399,338
TOTAL ASSETS	16,235,558	14,207,700
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,910,861	1,766,707
Current portion of lease liabilities	1,117,642	624,935
Current portion of long-term debt	1,192,916	843,900
Business acquisition consideration payable	360,000	358,537
Interest payable	15,000	13,750
Unearned revenue	49,007	-
Income tax	269,133	254,631
Total current liabilities	4,914,559	3,862,460
Accrued liabilities	60,514	123,413
Lease liabilities	1,589,584	1,735,503
Long-term debt	1,046,259	1,365,761
TOTAL LIABILITIES	7,610,916	7,087,137
EQUITY		
Share capital	21,845,062	20,499,031
Shares issuable	35,806	74,338
Contributed surplus	6,462,732	6,407,935
Accumulated other comprehensive income (loss)	(104,036)	(90,378)
Accumulated deficit	(22,213,515)	(21,804,349)
Equity attributable to shareholders	6,026,049	5,086,577
Non-controlling interest	2,598,593	2,033,986
TOTAL EQUITY	8,624,642	7,120,563
TOTAL LIABILITIES AND EQUITY	16,235,558	14,207,700

	Three months ended January	
	31,	
	2022	2021
	\$	\$
Revenue		
Product sales	3,732,713	874,824
Service revenue	-	176,361
Total revenue	3,732,713	1,051,185
Cost of goods sold		
Cost of finished cannabis inventory sold	(1,699,026)	(470,554)
Cost of service revenues	-	(84,153)
Gross profit, excluding fair value items	2,033,687	496,478
Realized fair value amounts in inventory sold	(1,010,478)	(169,328)
Unrealized fair value gain (loss) on growth of biological assets	1,289,514	(186,806)
Gross profit	2,312,723	140,344
Expenses		
Accretion expense	151,687	248,357
Amortization of intangible assets	-	4,997
Amortization of property & equipment	52,010	38,155
General and administrative	1,603,926	666,739
Share-based compensation	18,487	88,438
Total expenses	1,826,110	1,046,686
Gain (loss) from operations	482,593	(906,342)
Other income and (expense)		
Interest expense	(114,660)	(8,527)
Other income	(5,440)	-
Gain on debt settlement	-	16,623
Unrealized gain (loss) on marketable securities	(167,804)	302,808
Unrealized loss on derivative liability	-	(319,627)
Gain (loss) on disposal of property and equipment	(6,250)	-
Gain from operations before taxes	192,459	(915,065)
Income tax	(37,018)	-
Net income (loss)	155,441	(915,065)
Other comprehensive income (items that may be subsequently reclassified to profit & loss)		
Currency translation	(13,658)	(75,934)
Total comprehensive income (loss)	141,783	(990,999)
Gain (loss) per share attributable to owners of the parent – basic & diluted		
	-	(0.01)
Weighted average shares outstanding – basic & diluted	164,976,815	108,038,431
Net income (loss) for the period attributable to:		
Non-controlling interest	564,607	4,896
Shareholders	(409,166)	(919,961)

Net income (loss)	155,441	(915,065)
Comprehensive loss for the period attributable to:		
Non-controlling interest	564,607	4,896
Shareholders	(422,824)	(995,895)
Total comprehensive income (loss)	141,783	(990,999)

Quarter ended January 31, 2022	Oregon	Michigan	Corporate	Consolidated
Sales revenues	1,388,945	2,343,768	-	3,732,713
Costs of goods sold, excluding fair value adjustments	(691,311)	(1,007,715)	-	(1,699,026)
Gross profit (loss) before fair value adjustments	697,634	1,336,053	-	2,033,687
Net fair value adjustments	474,511	(195,475)	-	279,036
Gross profit	1,172,145	1,140,578	-	2,312,723
Operating expenses:	-	-	-	-
General and administration	341,037	739,196	523,693	1,603,926
Depreciation and amortization	7,041	19,166	25,803	52,010
Share based compensation	-	-	18,487	18,487
Other income and expense:	-	-	-	-
Gain on sale of assets	6,250	-	-	6,250
Interest and accretion	77,387	74,494	114,466	266,347
Unrealized loss (gain) on marketable securities	-	-	167,804	167,804
Other income and expense	-	-	5,440	5,440
Net income (loss) before tax	740,430	307,722	(855,693)	192,459
Tax	2,951	34,067	-	37,018
Net income after tax	737,479	273,655	(855,693)	155,441



Adjusted EBITDA Reconciliation	Three months ended	
	January 31,	
	2022 (\$)	2021 (\$)
Net income (loss), as reported	155,441	(915,065)
Add back realized fair value amounts included in inventory sold	1,010,478	169,328
Add back (deduct) unrealized fair value gain (loss) on growth of biological assets	(1,289,514)	186,806
Add back amortization of property & equipment included in cost of sales	147,463	159,545
	23,868	(399,386)
Add back interest and interest accretion expense, as reported	266,347	256,884
Add back amortization of intangible assets, as reported	-	4,997
Add back amortization of property and equipment, as reported	52,010	38,155
Add back share-based compensation	62,296	132,448
Add back (deduct) unrealized loss (gain) on marketable securities, as reported	167,804	(302,808)
Add back (deduct) unrealized loss (gain) on derivative liability		319,627
Add back income tax expense	37,018	-
EBITDA before other adjustments	609,343	49,917
Performance incentive bonus payment	179,685	-
Severance and inactive employee compensation	61,077	-
Business development incentive bonus	153,825	-
Adjusted EBITDA	1,003,930	49,917

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, as well as the impacts of unusual or non-recurring items. 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 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 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 [Error! Hyperlink reference not valid.](#)

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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