



Grown Rogue Completes Acquisition of State-of-the-Art, 30,000 Sq Ft Indoor Facility from Acreage Holdings Inc.

Medford, Oregon, April 19, 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, announced today the closing of the acquisition, previously announced on February 8, 2021, with HSCP, LLC, (“HSCP”) a subsidiary of Acreage Holdings Inc. (CSE: ACRG.A.U, ACRG.B.U)(OTC: ACRHF, ACRDF) for a state-of-the-art 30,000 Sq Ft indoor facility located in Medford, Oregon. The acquisition, which closed on April 14, 2022, brings Grown Rogue’s total indoor production capacity, including the Golden Harvests, LLC assets in Michigan, to 127,000 Sq Ft. All financial information is provided in U.S. dollars unless otherwise indicated.

Transaction Highlights:

- Added 30,000 Sq Ft state-of-the-art indoor facility, currently producing 800 lbs/month
- Will result in additional reduction of one of the industry’s lowest cash cost of production and profitability breakeven metrics with additional production capacity at this facility coming online in Q1 2022
- Total consideration for the acquisition is \$2.0M in cash. \$0.75M was paid in February 2021 with \$0.5M due August 1, 2022, and the balance of \$0.75M due May 1, 2023
- The previously announced purchase of the retail dispensary, located in Portland, Oregon, has been mutually terminated and HSCP, LLC will retain ownership with no further obligation by Grown Rogue
- Total consideration for this acquisition is approximately 1.0x estimated 2022 aEBITDA¹

“We are pleased to complete the closing of this strategic asset which has allowed us to solidify our position as the #1 flower producer in Oregon¹” said Obie Strickler, Chief Executive Officer of Grown Rogue. “This indoor facility resulted in us tripling our indoor production in Oregon during 2021, as we operated under a management services contract, and with a full year of operations positions us to hit our \$20M revenue run-rate target in 2022 with a 30 to 40% EBITDA margin. The facility is located within five minutes of our existing Grown Rogue facility and the proximity has allowed us significant economies of scale, resulting in our industry leading cost structure. With all retrofits completed and implementation of our proprietary operating procedures, we have seen flower yields and quality consistently exceed our forecasts.

Indoor Assets:

- Oregon
 - 17,000 Sq Ft (Existing facility)

¹ Grown Rogue has been #1 flower producer in Oregon, based on Leaflink’s Marketscape data, since July 1, 2021



- 30,000 Sq Ft (New facility)
- Total annual production: 11,000lbs of whole flower
- Michigan
 - 80,000 Sq Ft (partnership with Golden Harvests, LLC) (40,000 Sq Ft constructed)
 - Total current annual production: 9,000lbs
 - Total fully constructed annual production: 18,000lbs of whole flower

The Company also announced that it has issued a total of 217,500 common shares to certain directors, consultants, and employees of the Company relating to services rendered at an issue price of \$0.10 per share.

The Company has also granted options to purchase an aggregate of 485,000 common shares of the Company (the “Stock Options”) to certain employees. The Stock Options are exercisable at a price of \$0.15 per share for a period of 4 years and will vest over 2 years.

The common shares described above and the common shares underlying the Stock Options are subject to a four month and one day hold period expiring on August 20, 2022.

The aforementioned issuances of common shares resulted in certain directors and officers of the Company receiving an aggregate of 150,000 common shares of the Company. The Company has relied on the exemptions from the valuation and minority shareholder approval requirements of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions (“MI 61-101”), contained in section 5.5(b) and 5.7(a) of MI 61-101 in respect of such insider participation.

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.



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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