



## Grown Rogue Reports Fiscal 2022 Results, Revenue Growth of 89% and Positive Free Cash Flow

- Revenue of \$17.8M compared to \$9.4M in 2021, an increase of 89%
- Operating Cash Flow (OCF), before changes in working capital (WC), of \$3.2M compared to \$1.9M in 2021, an increase of 68%
- Free Cash Flow<sup>1</sup> (FCF) of \$0.9M, after a \$1.2M increase in WC and \$1.1M in capital expenditures
- The Company anticipates an increase in free cash flow in 2023 as a result of higher operating cash flow and lower capital expenditures compared to 2022
- Subsequent to year-end, closed a \$2.0M convertible debenture financing

**Medford, Oregon, March 1, 2023** – Grown Rogue International Inc. (“Grown Rogue” or the “Company”) (CSE: GRIN) (OTC: GRUSF), a craft cannabis company operating in Oregon and Michigan, is pleased to report its audited 2022 results for the twelve months ended October 31, 2022. All financial information is provided in U.S. dollars unless otherwise indicated.

### Fiscal 2022 Financial Summary (\$USD Millions)

| Fiscal 2022 Summary        | 2022  | 2021  | +/- %  |
|----------------------------|-------|-------|--------|
| Revenue                    | 17.8  | 9.4   | +89%   |
| aEBITDA                    | 5.1   | 2.3   | +126%  |
| aEBITDA %                  | 28.7% | 24.0% | +4.7%  |
| OCF (Before Changes in WC) | 3.2   | 1.9   | +68%   |
| OCF %                      | 17.9% | 20.1% | (2.2%) |

### Management Commentary

“I’m thrilled to report our fiscal 2022 results, which continue to show our ability to carefully and profitably scale our business, including being free cash flow positive and increasing revenue and aEBITDA by 89% and 126% respectively year-over-year,” said Obie Strickler, CEO of Grown Rogue. “Our relentless focus on delivering a high-quality craft product at the best price has led to customers responding by giving us more share in the markets we serve. I look forward to continuing this trend into our fiscal 2023, especially as Michigan’s capital improvements are now complete and we continue to optimize yields and institute a rigid focus on genetics.”

Continued Mr. Strickler: “Regarding our go-forward strategy and our capital allocation priorities, I want to note that many previously insulated markets are beginning to experience price normalization which we have long been familiar with in our home state of Oregon and now Michigan. But, even in markets where prices have fallen from their highs, they are still significantly above prevailing Oregon and Michigan pricing. This normalization has created

distress among companies which cannot operate at prices we are comfortable with, and this distress has, in turn, lowered asset prices creating new and exciting opportunities for us. Our capital allocation is guided by our disciplined search for the most compelling ways of entering new markets where the ‘Grown Rogue Way’ will be successful. Our focus in 2023 on new market entry has been significantly bolstered by the \$2M investment we recently closed, strengthening our balance sheet on great terms for the Company.”

### Oregon Market Highlights (\$USD Millions)

| Oregon           | 2022  | 2021  | +/- %  |
|------------------|-------|-------|--------|
| Revenue          | 8.9   | 5.2   | +72%   |
| aEBITDA          | 2.6   | 1.7   | +271%  |
| aEBITDA Margin % | 29.0% | 32.7% | (3.8%) |

- #1 Flower brand and #3 brand overall in 2022, according to LeafLink’s MarketScape data
- #1 Flower brand for six consecutive quarters
- Total harvested wet weights for the state of Oregon decreased 5% YoY for indoor, 18% YoY for mixed, and 17% YoY for outdoor, according to the Oregon Liquor and Cannabis Commission (OLCC)
- Grown Rogue wet weight harvested for indoor and outdoor increased 45% and 88%, respectively, compared to 2021
- Subsequent to year-end, Grown Rogue increased Oregon sungrown capacity with a lease option of 35 acres in Medford

### Michigan Market Highlights (\$USD Millions)

| Michigan         | 2022  | 2021  | +/- %   |
|------------------|-------|-------|---------|
| Revenue          | 8.9   | 3.9   | +129%   |
| aEBITDA          | 3.9   | 2.2   | +77%    |
| aEBITDA Margin % | 43.8% | 56.4% | (12.6%) |

- #10 wholesale flower brand in 2022, according to LeafLink’s MarketScape data
- Added an additional \$1.1M in fixed assets, including production from five additional flower rooms
- More than doubled production in 2022 compared to 2021 and expect an additional 50% growth in 2023 reflecting the annualization of rooms built in 2022
- Launched one gram pre-rolls (including nitrogen sealed varieties) in Q2 2022
- Subsequent to year-end, Grown Rogue exercised its option to acquire its controlling interest in Golden Harvests, LLC

Michigan operations are through Golden Harvests, LLC.

## Financial Statements and aEBITDA reconciliation

| CONSOLIDATED STATEMENTS OF FINANCIAL POSITION       | October 31, 2022  | October 31, 2021  |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>ASSETS</b>                                       |                   |                   |
| <b>Current assets</b>                               |                   |                   |
| Cash and cash equivalents                           | 1,582,384         | 1,114,033         |
| Accounts receivable (Note 20)                       | 1,643,959         | 739,248           |
| Biological assets (Note 4)                          | 1,199,519         | 1,188,552         |
| Inventory (Note 5)                                  | 3,131,877         | 3,306,312         |
| Prepaid expenses and other assets                   | 352,274           | 357,541           |
| <b>Total current assets</b>                         | <b>7,910,013</b>  | <b>6,705,686</b>  |
| Marketable securities (Note 6)                      | -                 | 610,092           |
| Other investments and purchase deposits (Note 8)    | -                 | 750,000           |
| Property and equipment (Note 11)                    | 7,734,901         | 5,742,584         |
| Intangible assets and goodwill (Note 12)            | 725,668           | 399,338           |
| <b>TOTAL ASSETS</b>                                 | <b>16,370,582</b> | <b>14,207,700</b> |
| <b>LIABILITIES</b>                                  |                   |                   |
| <b>Current liabilities</b>                          |                   |                   |
| Accounts payable and accrued liabilities            | 1,821,875         | 1,766,707         |
| Current portion of lease liabilities (Note 10)      | 1,025,373         | 624,935           |
| Current portion of long-term debt (Note 13)         | 1,769,600         | 843,900           |
| Business acquisition consideration payable (Note 7) | 360,000           | 358,537           |
| Interest payable (Note 13)                          | -                 | 13,750            |
| Unearned revenue                                    | 28,024            | -                 |
| Income tax  | 311,032           | 254,631           |
| <b>Total current liabilities</b>                    | <b>5,315,904</b>  | <b>3,862,460</b>  |
| Accrued liabilities (Note 9)                        | -                 | 123,413           |
| Lease liabilities (Note 10)                         | 1,275,756         | 1,735,503         |
| Long-term debt (Note 13)                            | 839,222           | 1,365,761         |
| <b>TOTAL LIABILITIES</b>                            | <b>7,430,882</b>  | <b>7,087,137</b>  |
| <b>EQUITY</b>                                       |                   |                   |
| Share capital (Note 14)                             | 21,858,827        | 20,499,031        |
| Shares issuable (Note 7)                            | 35,806            | 74,338            |
| Contributed surplus (Notes 15, 16)                  | 6,505,092         | 6,407,935         |
| Accumulated other comprehensive loss                | (109,613)         | (90,378)          |
| Accumulated deficit                                 | (21,356,891)      | (21,804,349)      |
| Equity attributable to shareholders                 | 6,933,221         | 5,086,577         |
| Non-controlling interests (Note 25)                 | 2,006,479         | 2,033,986         |
| <b>TOTAL EQUITY</b>                                 | <b>8,939,700</b>  | <b>7,120,563</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                 | <b>16,370,582</b> | <b>14,207,700</b> |

| CONSOLIDATED STATEMENTS OF INCOME & LOSS<br>AND COMPREHENSIVE INCOME & LOSS | Years ended October 31, |           |
|---|-------------------------|-----------|
|   | 2022                    | 2021      |
|   | \$                      | \$        |
| <b>Revenue</b>  |                         |           |
| Product sales   | 17,757,283              | 9,034,618 |
| Service revenue   | -                       | 344,055   |

|   |                   |                    |
|---|-------------------|--------------------|
| <b>Total revenue</b>  | <b>17,757,283</b> | <b>9,378,673</b>   |
| <b>Cost of goods sold</b>   |                   |                    |
| Cost of finished cannabis inventory sold  | (9,227,439)       | (3,997,617)        |
| Costs of service revenue  | -                 | (154,353)          |
| <b>Gross profit, excluding fair value items</b>   | <b>8,529,844</b>  | <b>5,226,703</b>   |
| Realized fair value amounts in inventory sold   | (3,685,338)       | (950,461)          |
| Unrealized fair value gain on growth of biological assets                                 | 3,278,572         | 1,824,226          |
| <b>Gross profit</b>   | <b>8,123,078</b>  | <b>6,100,468</b>   |
| <b>Expenses</b>   |                   |                    |
| Accretion expense   | 491,781           | 949,811            |
| Amortization of intangible assets   | -                 | 4,997              |
| Amortization of property and equipment  | 750,916           | 180,015            |
| General and administrative  | 5,852,236         | 3,983,250          |
| Share-based compensation  | 70,996            | 280,819            |
| <b>Total expenses</b>   | <b>7,165,929</b>  | <b>5,398,892</b>   |
| <b>Income from operations</b>   | <b>957,149</b>    | <b>701,576</b>     |
| <b>Other income and (expense)</b>   |                   |                    |
| Interest expense  | (402,239)         | (197,632)          |
| Other expense   | (3,432)           | (17,072)           |
| Gain on debt settlement   | 453,858           | 141,180            |
| Loss on settlement of non-controlling interest  | -                 | (189,816)          |
| Unrealized loss on marketable securities  | (333,777)         | (35,902)           |
| Unrealized loss on derivative liability   | -                 | (1,258,996)        |
| Loss on disposal of property and equipment  | (6,250)           | (7,542)            |
| <b>Gain (loss) from operations before income tax</b>                                      | <b>665,309</b>    | <b>(864,204)</b>   |
| Income tax  | (245,358)         | (150,543)          |
| <b>Net income (loss)</b>  | <b>419,951</b>    | <b>(1,014,747)</b> |
| Other comprehensive income (items that may be subsequently reclassified to profit & loss) |                   |                    |
| Currency translation loss   | (19,235)          | (78,181)           |
| <b>Total comprehensive income (loss)</b>  | <b>400,716</b>    | <b>(1,092,928)</b> |
| Gain (loss) per share attributable to owners of the parent – basic & diluted              | 0.00              | (0.02)             |
| Weighted average shares outstanding - basic   | 169,193,812       | 135,231,802        |
| Net income (loss) for the period attributable to:   |                   |                    |
| Non-controlling interest  | (27,507)          | 1,395,558          |
| Shareholders  | 447,458           | (2,410,305)        |
| Net income (loss)   | 419,951           | (1,014,747)        |
| Comprehensive income (loss) for the period attributable to:                               |                   |                    |
| Non-controlling interest  | (27,507)          | 1,395,558          |
| Shareholders  | 428,223           | (2,488,486)        |
| Total comprehensive income (loss)   | 400,716           | (1,092,928)        |

| CONSOLIDATED STATEMENTS OF CASH FLOWS                                     | Year ended October 31, |                  |
|---|------------------------|------------------|
|   | 2022                   | 2021             |
|   | \$                     | \$               |
| <b>Operating activities</b>   |                        |                  |
| <b>Net income (loss)</b>  | 419,951                | (1,014,747)      |
| Adjustments for non-cash items in net income (loss)                       |                        |                  |
| Amortization of property and equipment                                    | 750,916                | 180,015          |
| Amortization of property and equipment include in costs of inventory sold | 1,102,688              | 733,655          |
| Amortization of intangible assets   | -                      | 4,997            |
| Unrealized gain on changes in fair value of biological assets             | (3,278,572)            | (1,824,226)      |
| Changes in fair value of inventory sold                                   | 3,685,338              | 950,461          |
| Share-based compensation  | 21,264                 | 170,136          |
| Stock option expense  | 96,649                 | 243,662          |
| Accretion expense   | 491,781                | 949,811          |
| Loss on disposal of property & equipment                                  | 6,250                  | 7,542            |
| Unrealized loss on marketable securities                                  | 333,777                | 35,902           |
| Gain on debt settlement   | (455,674)              | -                |
| Loss on fair value of derivative liability                                | -                      | 1,258,996        |
| Loss on acquisition of non-controlling interest paid in shares            | -                      | 189,816          |
| Effects of foreign exchange   | 918                    | 7,233            |
|   | 3,175,286              | 1,893,253        |
| Changes in non-cash working capital (Note 17)                             | (1,171,111)            | (2,131,714)      |
| Net cash provided by (used in) operating activities                       | 2,004,175              | (238,461)        |
| <b>Investing activities</b>   |                        |                  |
| Purchase of property and equipment and intangibles                        | (1,111,283)            | (2,047,136)      |
| Net cash acquired   | -                      | 76,128           |
| Payments of acquisition payable   | (2,000)                | (6,000)          |
| Other investments   | -                      | (750,000)        |
| Net cash used in investing activities                                     | (1,113,283)            | (2,727,008)      |
| <b>Financing activities</b>   |                        |                  |
| Third party investment in subsidiary                                      | -                      | 475,000          |
| Proceeds from long-term debt  | 100,000                | 1,125,000        |
| Proceeds from private placement   | 1,300,000              | 1,225,000        |
| Proceeds from brokered private placement                                  | -                      | 3,738,564        |
| Payment of equity and debenture issuance costs                            | -                      | (500,870)        |
| Repayment of long-term debt   | (732,803)              | (507,715)        |
| Repayment of convertible debentures                                       | -                      | (1,312,722)      |
| Payments of lease principal   | (1,089,738)            | (380,543)        |
| Net cash provided by (used in) financing activities                       | (422,541)              | 3,861,714        |
| <b>Change in cash and cash equivalents</b>                                | <b>468,351</b>         | <b>896,245</b>   |
| Cash and cash equivalents balance, beginning                              | 1,114,033              | 217,788          |
| <b>Cash and cash equivalents balance, ending</b>                          | <b>1,582,384</b>       | <b>1,114,033</b> |

**SEGMENTED aEBITDA****YEAR ENDED OCTOBER 31, 2022**

|   | Oregon           | Michigan         | Corporate          | Consolidated     |
|---|------------------|------------------|--------------------|------------------|
| Sales revenues  | 8,852,104        | 8,905,179        | -                  | 17,757,283       |
| Costs of goods sold, excluding fair value<br>("FV") adjustments   | (5,762,802)      | (3,464,637)      | -                  | (9,227,439)      |
| <b>Gross profit before fair value adjustments</b>                 | <b>3,089,302</b> | <b>5,440,542</b> | -                  | <b>8,529,844</b> |
| Net fair value adjustments  | (50,143)         | (356,623)        | -                  | (406,766)        |
| <b>Gross profit</b>   | <b>3,039,159</b> | <b>5,083,919</b> | -                  | <b>8,123,078</b> |
| Operating expenses:   |                  |                  |                    |                  |
| General and administration  | 1,982,911        | 2,217,413        | 1,651,912          | 5,852,236        |
| Depreciation and amortization                                     | 84,919           | 562,443          | 103,554            | 750,916          |
| Share based compensation  | -                | -                | 70,996             | 70,996           |
| Other income and expense:   |                  |                  |                    |                  |
| Loss on sale of assets  | (6,250)          | -                | -                  | (6,250)          |
| Interest and accretion  | (293,103)        | (242,601)        | (358,316)          | (894,020)        |
| Gain (loss) on debt settlement                                    | 6,020            | (1,847)          | 449,685            | 453,858          |
| Unrealized gain on marketable securities                          | -                | -                | (333,777)          | (333,777)        |
| Other income and expense  | 5,400            | -                | (8,832)            | (3,432)          |
| <b>Net income (loss) before tax</b>                               | <b>683,396</b>   | <b>2,059,615</b> | <b>(2,077,702)</b> | <b>665,309</b>   |
| Tax   | 27,787           | 217,571          | -                  | 245,358          |
| <b>Net income after tax</b>                                       | <b>655,609</b>   | <b>1,842,044</b> | <b>(2,077,702)</b> | <b>419,951</b>   |
| <i>Add back (deduct) from net income after tax:</i>               |                  |                  |                    |                  |
| Realized FV amounts included in inventory sold                    | 1,388,657        | 2,296,681        | -                  | 3,685,338        |
| Unrealized FV gain on growth of biological assets                 | (1,338,514)      | (1,940,058)      | -                  | (3,278,572)      |
| Amortization of property & equipment included<br>in cost of sales | 756,795          | 345,893          | -                  | 1,102,688        |
| Interest and interest accretion expense                           | 293,103          | 242,601          | 358,316            | 894,020          |
| Amortization of property and equipment                            | 84,919           | 562,443          | 103,554            | 750,916          |
| Share-based compensation  | -                | -                | 117,913            | 117,913          |
| Unrealized loss on marketable securities                          | -                | -                | 333,777            | 333,777          |
| Income tax expense  | 27,787           | 217,571          | -                  | 245,358          |
| <b>EBITDA</b>   | <b>1,868,356</b> | <b>3,567,175</b> | <b>(1,164,142)</b> | <b>4,271,389</b> |
| <i>Add back (deduct) from EBITDA:</i>                             |                  |                  |                    |                  |
| Performance incentive bonus payment                               | -                | 179,685          | -                  | 179,685          |
| Severance and inactive employee compensation                      | -                | -                | 61,077             | 61,077           |
| Business development incentive bonus                              | -                | 153,825          | -                  | 153,825          |
| Gain on debt settlement for marketable securities                 | -                | -                | (449,684)          | (449,684)        |
| Compliance costs  | -                | -                | 98,139             | 98,139           |
| Costs associated with acquisition of Golden Harvests              | -                | -                | 80,000             | 80,000           |
| New production location startup costs                             | 697,120          | -                | -                  | 697,120          |
| <b>aEBITDA</b>  | <b>2,565,476</b> | <b>3,900,685</b> | <b>(1,374,610)</b> | <b>5,091,551</b> |
| <b>aEBITDA margin %</b>   | <b>29.0%</b>     | <b>43.8%</b>     | <b>--</b>          | <b>28.7%</b>     |

**NOTES:**

1. The Company's "Free cash flow" metric is defined by cash flow from operations minus capital expenditures.
2. The Company's "aEBITDA," or "Adjusted EBITDA," 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 "EBITDA" as the Company's net income or 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, the effects of fair-value accounting for biological assets and inventory, as well as other non-cash items and items not representative of operational performance as reported

in net income (loss). Adjusted EBITDA is defined as EBITDA adjusted for the impact of various significant or unusual transactions. The Company believes that this is a useful metric to evaluate its operating performance.

#### **NON-IFRS FINANCIAL MEASURES**

*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.*

#### **About Grown Rogue**

Grown Rogue International (CSE: GRIN | OTC: GRUSF) is a craft cannabis company focused on delighting customers with premium flower and flower-derived products at fair prices. Our roots are in Southern Oregon where we have demonstrated our capabilities in the highly competitive and discerning Oregon market and, more recently, we successfully expanded our platform to Michigan. We combine our passion for product and value with a disciplined approach to growth, prioritizing profitability and return on capital. Our strategy is to pursue capital efficient methods to expand into new markets, bringing our craft quality and value to more consumers. We also continue to make modest investments to improve our outdoor craft cultivation capabilities in preparation for eventual interstate commerce.

#### **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 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 Sedar.*

*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.*

*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](http://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](http://www.grownrogue.com) or contact:**

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