Willow Biosciences Reports Second Quarter 2020 Results and Operational Update

CALGARY, AB, Aug. 12, 2020 /CNW/ - Willow Biosciences Inc. ("**Willow**" or the "**Company**") (TSX: WLLW) (OTCQX: CANSF) has released its financial and operating results for the three and six months ended June 30, 2020, reporting significant advancement in its operations and strong liquidity.

"We have continued to make better-than-expected progress towards commercialization over the past few months," said Trevor Peters, Willow's President and Chief Executive Officer. "Following important scientific breakthroughs, we have expanded our portfolio of cannabinoids from one to five and expedited our pilot phase. We are now less than a year away from commercializing our first cannabinoid and generating revenue, well ahead of our initial expectations. As a first mover, with a highly pure and sustainably-produced cannabinoid, we will be in a strong position to capture market share as the industry develops."

Highlights for the Quarter

- Willow broadened its cannabinoid portfolio with the addition of four new cannabinoids with future production potential. These cannabinoids have promising therapeutic benefits but cannot be produced in appreciable quantities in the plant, making biosynthetic production a valuable alternative.

- As a result of reaching development milestones ahead of schedule, Willow expedited its 500 litre pilot program to Q3 2020 from Q4 2020. The Company expects to deliver samples of its first cannabinoid, cannabigerol ("**CBG**") in Q3 2020, making it the first company to biosynthetically produce material amounts of cannabinoids.

- Willow continued to protect its proprietary rights on significant discoveries and has filed multiple patent applications covering a diverse collection of more than 200 novel genes that help to increase cannabinoid production and purity in yeast. The majority of the discovered genes originate from the Company's proprietary genomic databases that are expected to lead to multiple additional discoveries and patents throughout 2020 and beyond.

- The Company continued to strengthen its senior management team and prepare for the transition from a research-focused company to a production company during the quarter by promoting Dr. Chris Savile to Chief Operating Officer and hiring Chris Speed to the position of Senior Vice President, Sales and Marketing.

- Willow ended the quarter with strong liquidity, including approximately $12.2 million of cash on hand as at June 30, 2020.

Operational Update

During the second quarter of 2020, Willow, along with its development partner, Albany Molecular Research, Inc. ("**AMRI**"), focused on three key development components: increasing cannabinoid product concentrations, optimizing the fermentation process, and developing a cost-effective downstream isolation and purification process. Through execution of this strategy, Willow has now achieved ample performance to initiate a 500 litre pilot-scale campaign to advance its scaling development toward commercial production and generate product samples for multiple interested consumer packaged goods companies. Willow will continue to optimize its process at pilot scale with the goal of advancing to larger, commercial-scale fermentation vessels as early as the first half of 2021.

In addition to advancing its work to develop a cannabidiol ("**CBD**") producing yeast strain, Willow also developed a strain and process for the production of CBG, a promising cannabinoid with growing interest that cannot be produced in appreciable quantities by the plant. CBG is a non-psychoactive cannabinoid with early research suggesting it has a range of bioactive properties in the body that include anti-microbial and antioxidant functions. From early discussions with key stakeholders in the nutraceutical, personal care, food and beverage industries, Willow believes that CBG has the potential to be as impactful to the recreational, health and wellness landscape as CBD has become. Willow completed its CBG production work alongside its CBD production work and following its strong results, anticipates being able to commercialize CBG ahead of CBD. The Company is currently in the process of selecting manufacturing partners.

The success of Willow's yeast production platform has enabled it to develop strains for producing additional high value cannabinoids. The Company has developed yeast strains and methodologies that allow it to produce significant quantities of cannabigerovarin ("**CBGV**") from a low-cost feedstock at lab scale. Based on the accelerated pace of Willow's other cannabinoid programs and the initial success with CBGV, Willow has allocated resources to the development of commercial processes for CBGV, cannabidivarin ("**CBDV**") and tetrahydrocannabivarin ("**THCV**").

Financial Update

Willow ended the quarter in a strong financial position, with approximately $12.2 million in cash on hand.

The Company's financial results are summarized as follows:

	Three months ended June 30	
	2020	**2019**
Balance sheet ($000's):		
Cash and cash equivalents	**12,244**	28,764
Total assets	**19,953**	42,016
Shareholder's equity	**11,075**	24,850
Weighted average shares outstanding Basic and diluted (000's)	**78,892**	65,144

Outlook

While there continues to be a significant amount of uncertainty around the global outbreak of COVID-19, Willow remains committed to ensuring the safety of its employees and the communities around them. To date, employees have been able to effectively work remotely without any impact to expected timelines; however, the Company continues to closely monitor this dynamic situation.

Willow has commenced its 500 litre pilot with its development partner, AMRI, to produce samples of its first cannabinoid, CBG. These samples will be ready in Q3 2020, making Willow the first company to successfully manufacture material amounts of cannabinoids via a synthetic biology platform. Willow is receiving strong interest for these samples from large, multinational consumer packaged goods companies that are keen to work with an ultra-pure, contaminant free, cannabinoid. Willow intends to commence commercializing CBG in the first half of 2021.

The market for ultra-pure, consistent, cannabinoids for consumer products is continuing to mature and grow. Willow continues to evaluate strategic relationships with various entities in the consumer-packaged goods and pharmaceutical industries with a view towards defining its market participation and potentially gaining entry into new global markets.

A full description of Willow's second quarter 2020 results can be found in Willow's unaudited condensed consolidated interim financial statements and related management's discussion and analysis which are available on SEDAR at www.sedar.com.

About Willow Biosciences Inc.

Willow is a Canadian biotechnology company based in Vancouver, British Columbia, that produces high purity, plant-derived compounds that provide building blocks for the global pharmaceutical, health and wellness, and consumer packaged goods industries. Willow's current focus is in the production of cannabinoids for the treatment for pain, anxiety, obesity, brain disorders, among other significant indications. Willow's science team has a proven track record of developing manufacturing technologies for high purity compounds in pain and cancer treatments. Willow's manufacturing process creates a consistent, scalable and sustainable product that allows for the discovery and development of new life changing drugs.

Forward-Looking Statements

This news release may include forward-looking statements including opinions, assumptions, estimates and the Company's assessment of future plans and operations, and, more particularly, statements concerning: Willow's revised milestone projections, including the timing and quantity of development scale-up and commercialization scale-up; the expected therapeutic benefits of Willow's portfolio cannabinoids; the success of current patent applications and the filing of future patent applications; discussions with consumer-packaged goods entities, manufacturing partners and other key stakeholders; the ongoing COVID-19 outbreak and its impact on the Company; the market size potential of the synthetic cannabinoid industry and Willow's ability to capture market share; timing of revenue generation; Willow's entry into new global markets; and the business plan of the Company, generally, including cannabinoid research and production. When used in this news release, the words "will," "anticipate," "believe," "estimate," "expect," "intent," "may," "project," "should," and similar expressions are intended to be among the statements that identify forward-looking statements. The forward-looking statements are founded on the basis of expectations and assumptions made by the Company which include, but are not limited to: the success of Willow's strategic partnerships, including the development of future strategic partnerships; the financial strength of the Company; the ability of the Company to fund its business plan using cash on hand and existing resources; the market for Willow's products; the ability of the Company to obtain and retain applicable licences; the ability of the Company to obtain suitable manufacturing partners and other strategic relationships; and the successful implementation of Willow's production strategy, generally. Forward-looking statements are subject to a wide range of risks and uncertainties, and although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to, risks associated with: the cannabinoid industry in general; the success of the Company's research and development strategies; infringement on intellectual property; failure to benefit from partnerships or successfully integrate acquisitions; actions and initiatives of federal and provincial governments and changes to government policies and the execution and impact of these actions, initiatives and policies; import/export and research restrictions for cannabinoid-based operations; the size of the medical-use and adult-use cannabinoid market; competition from other industry participants; adverse U.S., Canadian and global economic conditions; adverse global events and public-health crises, including the current COVID-19 outbreak; failure to comply with certain regulations; departure of key management personnel or inability to attract and retain talent; and other factors more fully described from time to time in the reports and filings made by the Company with securities regulatory authorities. Please refer to the AIF and the MD&A for additional risk factors relating to Willow, which can be accessed either on Willow's website at www.willowbio.com or under the Company's profile on www.sedar.com.

Any financial outlook and future-oriented financial information contained in this document regarding prospective financial performance, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action based on management's assessment of the relevant information that is currently available. Projected operational information contains forward-looking information and is based on a number of material assumptions and factors, as are set out above. These projections may also be considered to contain future-oriented financial information or a financial outlook. The actual results of the Company's operations for any period will likely vary from the amounts set forth in these projections and such variations may be material. Actual results will vary from projected results. Readers are cautioned that any such financial outlook and future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein.

The forward-looking statements contained in this news release are made as of the date hereof and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

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CNW 19:04e 12-AUG-20