Sugarbud Announces Record Quarterly Revenue, Filing of Q3 2021 Financial Results and Corporate Update

CALGARY, ALBERTA, November 15th, 2021 | Sugarbud Craft Growers Corp. (TSXV: SUGR, SUGR.DB, SUGR.WR, SUGR.WS, SUGR.WT) (OTCQB: SBUDF) (**"Sugarbud"**) is pleased to announce the filing of its unaudited condensed consolidated interim financial statements (**"Financial Statements"**) for the three and nine months ended September 30th, 2021 and related management's discussion and analysis (**"MD&A"**). Sugarbud's Financial Statements and MD&A are available on SEDAR at www.sedar.com and on Sugarbud's website here: Sugarbud Q3, 2021 Financials and MD&A. The Company is also pleased to announce the appointment of Mr. John Reilly as Special Advisor to the Board of Directors.

Key Operating Highlights for Q3 2021

- **Record Total Grams Shipped** | The Company shipped a record total of 156,703 grams of dried cannabis in Q3 2021. Net grams invoiced and sold in Q3 2021 were 135,073g - representing a quarter over quarter sequential increase of 160% (135,073g - Q3 2021 vs. 51,929g - Q2 2021).
- **Record Net Revenue** | Net revenue for Q3 2021 was a record $554,231 – more than double (120% quarter over quarter) Q2 2021 ($252,177)
- **Strong Quarterly Gross Profit** | Despite continued industry-wide price compression, Sugarbud continues to gain leverage on gross margin through a very disciplined approach to product pricing, internal cost control and operating efficiency. Gross profit before fair market value adjustments in Q3 2021 was $231,930 vs. $57,397 in Q2 2021. Year to date the Company maintains a healthy gross profit margin of 31%.
- **Cost Control and Operational Stability** | Sugarbud recorded 249,703g of harvested dried cannabis and an average yield of 122g/plant in Q3, 2021. The Company's focused and disciplined approach to efficient and high-quality cultivation continues to gain momentum. The Company

continues to keep general overhead well under control despite doubling net revenue.

- **Improved Genetic Strength and Cultivation Outcomes** | Sugarbud successfully crossed the 30% potency barrier for the first time on a commercial batch whilst maintaining critical total quality attributes such as high terpene profiles – a delicate balancing act that sets Sugarbud's cultivation and post-harvest processing techniques apart. The Company's first commercial 30%+ strain - GMO Cookies - will launch in select markets in late Q4 2021.
- **Cannabis 2.0 Sales License Received** | Sugarbud received approval from Health Canada for its amended license permitting the sale of cannabis extract, edible and topical products in Q3 2021. Sugarbud is now amongst a handful of craft cannabis LPs able to directly sell both its dried flower and expanded portfolio of exceptional craft cannabis 2.0 products to all authorized provincial and territorial distributors/retailers as well as registered medical patients nationwide. Sugarbud has built up a strong inventory of Cannabis 2.0 work-in-progress and anticipates launching its first Cannabis 2.0 products under this new license in late Q4 2021.
- **Expanded Distribution and Reach** | During Q3 2021, the Company established a clear route to market in Canada's second most populous province, Québec – via a Sales, Marketing and Distribution Agreement (the "Québec Supply Agreement") with ROSE LifeScience Inc. ("ROSE"). Under the terms of the Québec Supply Agreement, first shipments to ROSE occurred in August 2021. Sugarbud's launch of its dry flower products under ROSE's "ELEKT" Cannabis brand has been well received to date - with replenishment orders following in September and October. Together with the Québec Supply Agreement, the Company has rapidly and effectively established a critical core distribution network from which to leverage future growth in under 12 months from the commencement of revenue-generating operations. Sugarbud products are now available to recreational consumers across 7 provinces and territories – encompassing over 95% of the established Canadian retail network – and to registered medical patients nationwide.

- **Portfolio Expansion - Rosin Launch Update** | Development of Sugarbud's first flower rosin extract was completed during Q3 2021 and the Company remains on track for a Q4 2021 launch of its first solventless extract product which is derived from the Sugarbud's popular Krypto Chronic #2 cultivar.

"We are very encouraged by the step-change in consumer adoption and product sales we saw in Q3 2021 and believe that the commercial momentum we have generated over the first nine months of 2021 will continue to grow and accelerate into 2022," stated Sugarbud President and CEO, John Kondrosky.

"It takes time to establish a strong and loyal brand identity and sustainable business. In our first 12-months of commercial operations, we believe that our focus on both establishing our efficient, demand-driven operating model and on a high degree of consumer-focused excellence, will ultimately pay dividends for investors. Our view is that the pathway to long term shareholder value is primarily through sustainable consumer adoption of our premium brands, rather than scale and size alone. Based on the feedback and uptake received from our customers, our commitment to exceptional cannabis and total value is most definitely resonating with consumers coast-to-coast. We are rapidly establishing a strong brand identity and reputation as a leader in the craft cannabis space, and we believe that our results to date have us well-positioned to continue to expand our market share and accelerate profitable revenue growth in our key markets in to 2022 and beyond," concluded Mr. Kondrosky.

Q4 2021 Highlights and Outlook for 2021

- **Record Volume and Revenue** | The Company is on pace to continue the trend of strong sequential quarter over quarter growth and expects to ship between 120,000 – 140,000 grams of dried cannabis and record gross revenue of between $750,000 – $850,000 in Q4.
- **Production Portfolio Expansion** | Sugarbud recently launched two new strains – GMO Cookies and Bahama Blizzard #11. Both strains are distinct, high-potency, high-terpene phenotypes with a total THC range

between 21-31% and terpene profiles between 2-4%. Additionally, the Company will be launching a new 3 x 0.5g pre-roll format and expanding its pre-roll product offering to now include its very popular Krypto Chronic #2 and Mule Fuel strains as well as its recently launched GMO Cookies and Bahama Blizzard #11 strains. The Company expects these new strains and product formats to be available to select authorized provincial and territorial distributors/retailers as well as registered medical patients nationwide in late Q4.

Corporate Update

- **Non-Dilutive Debt Financing** | Subsequent to September 30, 2021, the Company closed a $900,000 extension to the existing commercial mortgage loan with Connect First Credit Union. The committed rate is a fixed rate of 4.15% per annum, calculated daily, payable monthly in arrears and holds a five-year maturity.
- **Appointment of Special Advisor to the Board** | Subsequent to September 30, 2021, the Company is very pleased to announce the appointment of Mr. John Reilly as Special Advisor to the Board of Directors. Mr. Reilly brings substantial additional capital markets experience to the Sugarbud board. Mr. Reilly was Managing Director, RBC Dominion Securities, RBC Wealth Management, from 2014 until his retirement in October 2021.

  Prior to his tenure with RBC, Mr. Reilly was Managing Director and President, State Street Brokerage Services Inc from 1998 until 2000, where he was responsible for launching State Street Brokerage in Canada and was Co-founder and Director of E*Trade Canada/ Versus Brokerage Services/ Versus Technologies from 1992 until 1998. Mr. Reilly was responsible for partnering the creation, development and implementation of Canada's first electronic equity trading platform which IPO'd on the Toronto Stock Exchange in 1998.

About Sugarbud

Hand-Crafted Cannabis for a New Era - Experience the Difference

Sugarbud is a consumer-driven boutique craft cannabis company focused on the cultivation and production of superior, select-batch, craft cannabis products. Our vision and mission are to become a trusted and well-respected consumer brand renowned for providing exceptional high-quality craft cannabis products to legal markets by delighting the most discerning of cannabis consumers.

The Sugarbud Craft Cannabis Collection offers consumers "Hand-Crafted Cannabis for a New Era". The Company is proudly Albertan and is proud to share Western Canada's long tradition of exceptional craft cannabis with the most discerning of enthusiasts. Sugarbud strives to define the intersection of product craftsmanship, quality, and value for consumers in the Canadian craft cannabis space.

Sugarbud Craft Cannabis products are currently available to adult recreational consumers in the Yukon Territory, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec and nationally to registered medical patients through CannMart.com.

We Take Pride. We Take Our Time.

Experience The Difference.

CONTACTS:
John Kondrosky
Chief Executive Officer
Sugarbud Craft Growers Corp.
Phone: (604) 499-7847
E-mail: johnk@sugarbud.ca

Investor Relations Contact
Chris Moulson
Chief Financial Officer
Sugarbud Craft Growers Corp.
Tel: (778) 388-8700
E-mail: chrism@sugarbud.ca

Websites:
http://www.sugarbud.ca/
http://craftcannabiscollection.ca

Forward Looking and Cautionary Statements

This news release contains forward-looking statements. More particularly, and without limitation, this news release contains statements concerning: Sugarbud's assessment of future plans, operations and cannabis cultivation and processing, including sales, marketing and distribution opportunities; product quality; the development, production, sale and distribution of Sugarbud's Craft Cannabis Collection, including new product lines and the characteristics thereof; future growth; and customer satisfaction. When used in this document, 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 Sugarbud. Forward-looking statements are subject to a wide range of risks and uncertainties, and although Sugarbud 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: currently contemplated expansion and development plans may cease or otherwise change; production of cannabis may be lower than expected; ability to ship cannabis products may be lower than expected; demand for Sugarbud's products may be lower than anticipated; results of production and sale activities; results of scientific research; changes in prices and costs of inputs; demand for labour; demand for products; failure of counter-parties to perform contractual obligations; failure to maintain consumer brand recognition and loyalty of customers; reliance on relationships with wholesalers and retailers for distribution of products and failure to maintain strategic business relationships; intense competition, including from illicit sources; uncertainty and continued evolution of markets; product liability litigation; reliance on information technology; infringement on intellectual property; failure to benefit from partnerships; sensitivity of end-customers to increased sales taxes and economic conditions; failure to comply with certain regulations; departure of key management personnel or inability to attract and retain talent; actions and initiatives of federal and provincial governments and changes to government actions, initiatives and policies and the execution and impact thereof; the ability to implement corporate strategies; the state of domestic capital markets; the ability to obtain financing; changes in general market conditions; industry conditions and events; the size of the medical marijuana market and the recreational marijuana market; government regulations, including future legislative and regulatory developments involving medical and recreational marijuana; construction delays; risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks which can have a significant impact on the size and quality of the harvest of cannabis crops; competition from other industry participants; and other factors more fully described from time to time in the reports and filings made by Sugarbud with securities regulatory authorities. In addition, the Company cautions that current global uncertainty with respect to the spread of the COVID-19 virus and its effect on the broader global economy may continue to have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company remain unknown, rapid spread of the COVID-19 virus may continue to have a material adverse effect on global economic activity, and can result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company. Please refer to Sugarbud's most recent annual information form and management's discussion and analysis for additional risk factors relating to Sugarbud, which can be accessed under Sugarbud's profile on www.sedar.com. Except as required by applicable laws, Sugarbud does not undertake any obligation to publicly update or revise any forward-looking statements.

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