Willow Biosciences Reports Fourth Quarter and 2020 Year End Results and Operational Update

CALGARY, AB, March 23, 2021 /CNW/ - Willow Biosciences Inc. ("**Willow**" or the "**Company**") (TSX: WLLW) (OTCQX: CANSF) is pleased to announce its financial and operating results for the three months and year ended December 31, 2020. Selected financial and operational information is outlined below and should be read with Willow's audited consolidated financial statements (the "**Financial Statements**") and management's discussion and analysis (the "**MD&A**") as of December 31, 2020, which are available on SEDAR at www.sedar.com and on Willow's website at www.willowbio.com.

Statement from the CEO

"We are very pleased with all of our achievements made in 2020 as a company and how they have set us up for a successful 2021," said Trevor Peters, Willow's President and Chief Executive Officer. "Looking back on the year we shortened our timelines to commercialization, moved beyond proof of concept with multiple pilot production runs, provided samples of our first cannabinoid to prospective customers, strengthened our balance sheet, and identified a partner and assets to commercialize our first cannabinoid. Ultra-pure, sustainably made, biosynthesized cannabinoids are the future of manufacturing consumer products with cannabinoids as a core ingredient. Commercializing our first cannabinoid this year will not only be a significant milestone for Willow, it will be significant for our industry."

Highlights for the Quarter

- On October 13, 2020, Willow filed a short form base shelf prospectus to allow the Company to make offerings of securities of up to an aggregate of $50.0 million.

- On October 29, 2020, Willow completed an overnight marketed public offering for gross proceeds of $11.5 million, which was upsized by $2.0 million and included the exercise of a 15% over-allotment option (the "**Unit Offering**"). Under the terms of the Unit Offering, the Company issued 17.7 million units of the Company ("**Units**") at a price of $0.65 per Unit. Each Unit consisted of one common share of the Company (each, a "**Common Share**") and one-half of one common share purchase warrant (each, a "**Warrant**"). Each Warrant entitled the holder to acquire one Common Share at a price of $0.85 for a period of 24 months from the closing date, subject to an acceleration clause which was triggered subsequent to December 31, 2020 resulting in the exercise or cancellation of all Warrants and additional proceeds of approximately $7.9 million to the Company (the "**Warrant Exercise**").

- On December 16, 2020, the Company contracted a leading ingredient manufacturing firm to produce commercial quantities of its ultra-pure cannabigerol ("**CBG**") at their European facilities.

- In Q4 2020, Willow began shipping its first commercial samples of its biosynthetically produced, ultra-pure CBG to prospective customers.

- Willow ended the quarter with strong liquidity, including approximately $15.9 million of cash on hand as at December 31, 2020.

- Subsequent to Q4 2020, Willow completed a bought deal public offering of Common Shares for gross proceeds of approximately $28.75 million (the "**Bought Deal**"). Under the terms of the

Bought Deal, the Company issued 17.4 million Common Shares at a price of $1.65 per Common Share.

Operational Update

On September 21, 2020, the Company announced the results of its 500 liter pilot production run of CBG completed with its development partner Albany Molecular Research, Inc. ("**AMRI**"). The results of the pilot were that Willow had successfully developed a scalable process for producing CBG with greater than 99% purity and no detectable tetrahydrocannabinol ("**THC**"). Continuing through Q4 2020, Willow ran additional pilot production runs of CBG with AMRI to further optimize the production process and to advance and refine the work on the Company's high-yielding downstream purification process that provides CBG with greater than 99% purity. These additional production runs were also completed to satisfy customer demand for samples.

On December 16, 2020, Willow announced that it had advanced its commercialization plan by selecting a highly-regarded contract manufacturing organization ("**CMO**") to manufacture the Company's first cannabinoid, CBG, with its first commercial scale multi-kilogram run scheduled in Q1 2021. The contracted CMO is a leading ingredient manufacturing firm with commercial production assets located in Europe. The Company chose to manufacture its initial commercial production volumes in Europe because of strong demand in this region and its preference for high quality ingredients. During the last quarter of 2020, Willow continued to optimize its strains for increased productivity, expanded its portfolio of cannabinoid ingredients and initiated product development efforts on its first commercial ingredient, CBG, for multiple consumer applications.

Financial Update

Willow ended the year in a strong financial position, with approximately $15.7 million in working capital and $15.9 million of cash on hand. Including the Warrant Exercise and the Bought Deal, the Company has a cash balance of approximately $47.3 million as of March 23, 2021.

Outlook

Willow is on track to commercialize its first cannabinoid, CBG, in Q1 2021 with first sales expected to occur in Q2 2021. While the product volumes are expected to be small to start, this is a significant turning point in the lifecycle of the Company. During the remainder of 2021, Willow will continue to optimize its commercial process for CBG, to supply product to customers, to seed commercial samples to larger organizations, and build out a robust order book for 2022, which the Company expects to be its first full year of commercial production and sales. CBG is a rare cannabinoid and thus Willow is at the forefront of developing that market.

While CBG is a new market for cannabinoids globally, THC for the Canadian 2.0 (or adult-use) market is relatively well established. In January of 2021, Willow announced that it expects to launch THC into the Canadian 2.0 market first, due to its highly-regulated, legal and developed status. The remainder of 2021 will be used to build out this platform in Canada and the Company anticipates selling commercial volumes of THC into the Canadian 2.0 market in 2022. From conversations with prospective customers in Canada, the Company believes that there is significant demand for consistent, high-purity THC. The flavourless, odorless attributes of Willow's finished product make it suitable as a core ingredient for the cannabis 2.0 market in Canada.

Using the CBG producing yeast strain as a platform cannabinoid to build upon, Willow is working on a number of other cannabinoids and plans to update the market on which cannabinoid it intends to commercialize next later this year and into 2022.

With $47.3 million of cash on the Company's balance sheet as at March 23, 2021, favourable regulatory regime changes being discussed in the United States, and first commercial production and sales expected imminently, the Company is in a position of strength to execute on its business plan. While the market for biosynthetically produced cannabinoids is new, Willow is at the forefront of this industry and will continue to demonstrate itself as a market leader.

About Willow Biosciences Inc.

Willow is a Canadian biotechnology company based in Vancouver, British Columbia that develops and produces high-purity, plant derived ingredients for consumer care, food and beverage, and pharmaceutical products. Willow's manufacturing process creates a consistent, scalable and sustainable product that benefits industry and consumers. Willow's team has a proven track record of developing and commercializing bio-based manufacturing processes and products for both the consumer and pharmaceutical industries.

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 of THC and commercialization scale-up of CBG and THC; timing of revenue generation; discussions with consumer-packaged goods entities; the ongoing COVID-19 outbreak and its impact on the Company; the demand and market size potential of the synthetic cannabinoid industry; Willow's entry into new global markets, including Europe; regulatory changes effecting the cannabinoid industry; 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; 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, cash balances 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.

SOURCE Willow Biosciences Inc.

View original content: http://www.newswire.ca/en/releases/archive/March2021/23/c7173.html

%SEDAR: 00009263E

For further information: For further information, please visit our website at www.willowbio.com or contact: Trevor Peters, President and Chief Executive Officer, T: (403) 669-4848, E: t.peters@willowbio.com; Troy Talkkari, CFA, Vice President, Corporate Development, T: (403) 618-1117, E: t.talkkari@willowbio.com; 150, 2250 Boundary Road, Burnaby, BC V5M 3Z3

CO: Willow Biosciences Inc.

CNW 22:47e 23-MAR-21