



The Flowr Corporation Announces First Quarter 2021 Results

TORONTO, May 28, 2021 (GLOBE NEWSWIRE) -- The Flowr Corporation (TSX.V: FLWR; OTC: FLWPF) ("**Flowr**" or the "**Company**") herein announces its financial and operational results for the first quarter ended March 31, 2021. All financial information in this news release is reported in Canadian dollars and represents results from continuing operations, unless otherwise indicated.

"The first quarter of 2021 represented a significant improvement from previous quarters. We are pleased that we achieved our highest revenue quarter, highest level of recreational cannabis kilograms produced and sold and we achieved first revenues from our operations in the European Union. The first quarter has well positioned the Company to have a break-out year," commented Darryl Brooker, Chief Executive Officer of the Company. "The success of our newest strain, BC Black Cherry, our entry into the Quebec market along with expansion in other key markets and the revenue potential in Portugal give us much optimism for the future. With the closing of our \$15.9 million financing, the Company has significantly bolstered its balance sheet and expects to be able to sell certain non-core assets as a way to further improve our financial position."

Key financial and operating highlights in the first quarter 2021:

Financial Highlights

- **Record Revenue** – The first quarter of 2021 represents the best quarter in Company history achieving gross revenue of over \$4.6 million, representing a 356% increase from the same period in 2020, and \$3.8 million net revenue, representing a 394% increase from the same period in 2020.
- **Recreational Cannabis Sales** – The Company sold approximately 673 kilograms of dried flower in Canada being the highest the Company has ever achieved.
- **Top Selling Premium Cannabis Strains** – In the first quarter, Flowr's BC Pink Kush and BC Black Cherry represented two of the top three selling strains in the 3.5 gram dried flower format in Ontario in the premium category.⁽¹⁾
- **Improved Balance Sheet** – In March 2021, the Company closed its previously announced bought deal short form prospectus offering (the "**Bought Deal**") for gross proceeds of \$15.9 million including the partial exercise of the over-allotment option.
- **First Revenues from E.U.** – Holigen Holdings Limited ("**Holigen**") recorded its first revenues in the quarter (approximately \$212,000) marking an important milestone for the Company. Holigen has commencing tolling for domestic GACP cultivators and entered into a strategic warehousing and storage agreement with Tilray Inc. Holigen is also in the process of monetizing the medical cannabis produced from its Aljustrel outdoor operations.
- Gross profit before non-cash items and fair value adjustments for Canada was approximately \$1.7 million, or 46% of net revenue earned in the period representing a substantial improvement from historical margins. The Company considers this an important achievement as it demonstrates Flowr's ability to produce high quality premium dried flower and generate positive gross cash contribution on sales.
- Selling and marketing and G&A expenses decreased by 24% to \$4.6 million in the first quarter of 2021 from the same period in 2020 as a result of cost reduction measures implemented in 2021 and 2020. Included in the current period are approximately \$0.9 million of one-time/non-recurring expenses that related to restructuring or subsidiaries that the Company is in the process of divesting.

Operational Highlights

- **BC Black Cherry Launch** - In January 2021, Flowr launched its newest strain to market, BC Black Cherry. The first lot of BC Black Cherry contained more than 24% THC and more than 3% terpenes.
- **Entry into Quebec** – Flowr received the authorization to operate in Quebec in August 2020, and shipped its first commercial order into the province in January 2021.
- **ADCANN Awards** – In January 2021 Flowr won three awards at the ADCANN Awards 2020 - including the coveted Brand of The Year award. The annual awards, which are voted on by the public, exist to celebrate the best marketing and advertising across Canada's growing cannabis industry. Alongside the Brand of The Year Award, Flowr also won Campaign of the Year for their Rembrandt inspired BC Pink Kush Campaign which works with regulations of the cannabis industry to highlight Flowr's approach by blending art and science.

Subsequent Events

- **HighLife Cannabis Cup Win** – The Company's latest strain, BC Black Cherry, won the Highlife Cannabis Cup in a competition that included three micro-cultivators and three licensed producers competing against a 30% THC strain and an organic strain.
- **Enhanced Management Team** – On April 15, 2021, Flowr announced the appointment of Darryl Brooker as Chief Executive Officer of the Company. Mr. Brooker brings an extensive track record of building regulated CPG businesses in Canada with a hands-on approach to management. The Company announced that Bonnie Donovan has joined the Kelowna team as Vice-President, Operations. Ms. Donovan is a senior operations and logistics professional with

leadership experience in manufacturing operations, logistics, contract management and finance. Bonnie was previously with such companies as AB InBev and Canopy Growth Corp.

- **Shelf Prospectus** – On April 13, 2021, the Company announced its filing of a final short form base shelf prospectus (the “**Final Shelf Prospectus**”), pursuant to which the Company is enabled to offer and issue up to \$100,000,000 of common shares, preferred shares, debt securities, subscription receipts and warrants, or any combination thereof, at prices, and on terms to be determined based on market conditions at the time of the offering and as set out in an accompanying prospectus supplement, during the 25-month period that the Final Shelf Prospectus remains effective.
- **Strategic Review** – On April 14, 2021, the Company announced the results of a strategic review process designed to: (i) reduce corporate overhead and headcount; (ii) dispose of non-core assets, including duplicative licenses in the E.U.; and (iii) implement further cost savings strategies with a view to preserving cash and cash equivalents. The strategic review has resulted in annualized SG&A savings of more than \$2 million.
- **Corporate Social Responsibility** – On April 20, 2021, the Company launched an innovative campaign in partnership with Pardons Canada to bring awareness to the stigma caused by those who still have criminal records for minor cannabis possession. Flowr and Pardons Canada also commenced a petition seeking the expungement of criminal records for individuals with minor cannabis possession records. To date, more than 1,600 people have signed the petition. Please see www.flowerpardons.com for more information.
- **Non-Core Asset Sales** – On April 28, 2021, the Company entered into an agreement with Rodeo Capital Limited (a member of the Redfield Group of companies) to sell TCann Pty Ltd. for AUD\$500,000 representing the Company's exit from the Australian medical cannabis market and ending any further operating or capital expenditures in Australia.
- Effective May 31, 2021, John Chou shall be appointed Chief Financial Officer of the Company. Mr. Chou was most recently the Chief Financial Officer of Terrace Global Inc., which was acquired by the Company in December 2020. Irina Hossu, Chief Financial Officer of the Company has resigned effective May 31, 2021. The Company would like to wish Ms. Hossu all the best with her future endeavour.

FIRST QUARTER 2021 RESULTS

The following table summarizes the Company's key financial and operational results:

<i>In thousands of CAD dollars, (except loss per share and grams harvested)</i>	Three months ended	
	2021	March 31, 2020
Grams harvested	669,307	490,101
Grams sold	672,566	122,514
Gross revenue	4,615	1,012
Net revenue ⁽²⁾	3,834	776
Gross profit (loss) before fair value adjustments	(407)	(1,623)
Gross profit (loss) before non-cash items and fair value adjustments ⁽³⁾	1,417	(5)
Selling and marketing and G&A	4,600	6,019
Share-based compensation	421	857
Restructuring costs	—	737
Gain from disposal of subsidiary	(54)	—
Net loss	(8,702)	(12,492)
Adjusted EBITDA ⁽⁴⁾	(3,522)	(6,928)
Basic and diluted loss per share	(0.02)	(0.09)

For a full discussion of Flowr's operational and financial results for the three months ended March 31, 2021, please refer to the Company's first quarter 2021 Management's Discussion & Analysis and Consolidated Financial Statements, which have been filed on SEDAR.

About The Flowr Corporation

The Flowr Corporation is a Toronto-headquartered cannabis company with operations in Canada and Europe. Its Canadian operating campus, located in Kelowna, BC, includes a purpose-built, GMP-designed indoor cultivation facility; an outdoor and greenhouse cultivation site; and a state-of-the-art R&D facility that is awaiting licensing from Health Canada. From this campus, Flowr produces recreational and medicinal products. Internationally, Flowr intends to service the global medical cannabis market through its subsidiary Holigen, which has a license for cannabis cultivation in Portugal and operates GMP licensed facilities in Portugal.

Flowr aims to support improving outcomes through responsible cannabis use and, as an established expert in cannabis cultivation, strives to be the brand of choice for consumers and patients seeking the highest-quality craftsmanship and product consistency across a portfolio of differentiated cannabis products.

For more information, please visit flowrcorp.com or follow Flowr on Twitter: @FlowrCanada and LinkedIn: The Flowr Corporation.

On behalf of The Flowr Corporation:

Darryl Brooker
Chief Executive Officer

CONTACT INFORMATION:

INVESTORS & MEDIA:

John Chou
Chief Financial Officer
John.chou@flowr.ca

Forward-Looking Information:

Certain statements made in this press release may constitute “forward-looking information”, “future oriented financial information” or “financial outlooks” (collectively, “**forward-looking information**”) within the meaning of applicable securities laws. Forward-looking information may relate to anticipated events or results including, but not limited to: the Company's expectation that it will build on its achievements as it continues to invest in sales and marketing; the Company's expectations for sales of product in Quebec; Flowr servicing the global medical cannabis market and operating GMP facilities in Portugal; Flowr's business, production and products; Flowr's plans to provide premium quality cannabis to adult use recreational and medical markets;

EU-GMP certification opening the medicinal cannabis opportunity for the Company in global markets; the Company being well positioned to distribute EU-GMP compliant product into underserved markets; Flowr's ability to realize revenue from the Company's European operations within the anticipated timeframe or at all; Flowr's ability to establish sales and distribution channels in Europe to deliver medicinal cannabis to underserved markets; expectations with respect to the anticipated timing for harvests, propagation, completion of construction and installation of extraction infrastructure at the Company's Sintra facility; the Company being unable to commence GMP packaging and commercial sales within the anticipated timeframe or at all; Flowr's ability to service the global medical cannabis market and/or operate GMP-designed manufacturing facilities in Portugal; the sale of medical cannabis in pharmacies in Portugal representing a watershed moment for cannabis in the E.U.; the Company's ability to complete offering(s) of its securities under the Final Shelf Prospectus; the expected impact of the strategic review decisions on the Company; the actual costs of savings from the Company's restructuring initiatives, including with respect to its workforce; the Company's plans to divest its interests in certain of its subsidiaries; the Company's ability to obtain licensing from Health Canada and other regulatory authorities with respect to its properties and facilities; future legislative and regulatory developments in Canada and elsewhere; the cannabis industry in Canada generally; the ability of Flowr to implement its business strategies; and the ability of Flowr to produce or sell premium quality cannabis. Particularly, information regarding our expectations of future results, targets, performance achievements, prospects or opportunities is forward-looking information. Often, but not always, forward-looking statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “believe”, “estimate”, “plan”, “could”, “should”, “would”, “outlook”, “forecast”, “anticipate”, “foresee”, “continue” or the negative of these terms or variations of them or similar terminology. Forward-looking information is current as of the date it is made and is based on reasonable estimates and assumptions made by us at the relevant time in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances. To the extent any forward-looking information in this press release constitutes “future oriented financial information” or “financial outlooks”, within the meaning of applicable securities laws, the purpose of such information being provided is to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. However, we do not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. There can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking information as discussed in the “Risk Factors” section of the Company's 2020 Annual Information Form dated April 28, 2021 (the “AIF”). A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com. The Company cautions that the list of risk factors and uncertainties described in the AIF is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information.

Notes:

- ⁽¹⁾ Source: OCS data with premium being defined as the category priced at \$40 or more for a 3.5 gram jar.
- ⁽²⁾ Gross revenue net of excise tax, provision for returns and concessions.
- ⁽³⁾ Gross profit (loss) before non-cash items and fair value adjustments is a non-IFRS measure and is defined as gross profit (loss) before fair value adjustments plus impairment of inventory, and plus depreciation and amortization and share-based compensation included in cost of sales. Management believes this measure provides useful information as it approximates gross margin on cash basis on revenue realized in a period.
- ⁽⁴⁾ Adjusted EBITDA is a non-IFRS measure and is defined as net income (loss) plus (minus) income tax expense (recovery), plus (minus) interest income (expense) including finance costs, plus depreciation and amortization, plus share-based compensation, plus (minus) non-cash fair value adjustments on biological assets and inventory sold, plus restructuring and transaction costs, plus (minus) loss (gain) on investments, and plus (minus) unusual or non-recurring items. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash used by operations.

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