



The Flowr Corporation Announces First Quarter 2022 Results and Reinstatement of Trading

Highlights:

- In Q1 2022, the Company generated gross revenue of \$3.9 million as a result of the sale of 1,179,735 grams of dried cannabis flower, an increase of 75% compared to Q1, 2021
- Net loss decreased by \$2.2 million in Q1, 2022 or 26% to a loss of \$6.1 million compared to Q1, 2021
- SG&A expenses in Q1 2022 were \$2.9 million, or 29% lower than Q1, 2021

Key Subsequent Events:

- During Q2, the Company paid \$1.6 million from the Holigen sale towards the repayment of the ATB Term Facility upon closing of the transaction.

TORONTO, May 30, 2022 -- The Flowr Corporation (TSX.V: FLWR; OTC: FLWPF) ("**Flowr**" or the "**Company**") herein announces its financial and operational results for the first quarter results for the period ended March 31, 2022. All financial information in this news release is reported in thousands ('\$000s) of Canadian dollars and represents results from continuing operations, unless otherwise indicated.

Tom Flow, Interim Chief Executive Officer of Flowr, commented:

"The first quarter of 2022 showed that we remain on track with our objective on maintaining our status as a premium cannabis producer. Also, our continued focus on cost reductions is showing in our bottom-line improvements."

SELECTED FINANCIAL AND OPERATIONAL 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	
	2022	March 31, 2021
Grams harvested - K1	1,232,654	669,307
Grams sold	1,179,735	672,566
Gross revenue	3,878	4,403
Net revenue	3,463	3,622
Cost of sales	3,678	2,730
Impairment of inventory	683	749
Gross profit/(loss) before fair value adjustments	(898)	143
Selling and marketing and G&A	2,852	3,999
Share-based compensation	(225)	421
Impairment of assets	29	—
Loss/(gain) from disposal of subsidiary	—	(54)
Net loss	(5,762)	(7,081)
Basic and diluted loss per share	(0.01)	(0.02)

Financial Results (presented in \$000s)

- Gross revenue for Q1 2022 was \$3,878 compared to \$4,403 in Q1 2021, a decline of \$525 or 12%. Net revenue during Q1 2022 was \$3,463, \$159 or 4% lower than Q1 2021. The decrease in revenue is primarily a result of a lower average net sale price, partially offset by higher volume. Sale of retail products during Q1 2022 was 257 kilograms compared with 541 kilograms in Q1 2021. Sale of cannabis through bulk wholesale channels during Q1 2022 was 923 kilograms compared to 131 kilograms in Q1 2021 primarily due to higher production from the K1 facility.
- SG&A expenses for Q1 2022 was \$2,852 compared with \$3,999 in Q1 2021, a decrease of \$1,147 or 29% primarily as a result cost reduction measures the Company implemented that began 2021 and continued in 2022.
- Gross loss for Q1 2022 was \$898 compared with a profit of \$143 for Q1 2021 primarily as a result a lower profit margin on products sold.
- Cost of sales for Q1 2022 was \$3,678 compared to \$2,730 for Q1 2021. The increase in cost of sales resulted from a significantly higher volume of cannabis sold during the current quarter at 1,180 kilograms compared with 673 kilograms sold during Q1 2021.
- The Company recorded impairment charges totaling \$29 in Q1 2022 compared with \$nil in Q1 2021.
- Net loss of the Company totaled \$5,762 for Q1 2022 compared to a loss of \$7,081 for Q1 2021. The change in net loss

was primarily due to a higher gross loss more than offset by lower SG&A, a reversal in share-based compensation, lower depreciation and finance costs.

Operational Updates

- Q1 2022, Flowr continued full operation in all 20 grow rooms at the K1 facility and improved the THC level by an average of +4.9% in comparison to Q1 2021.
- Q1 2022 harvest yield was 84% higher than Q1 2021 (1,232,654 grams vs 669,307 grams).
- Flowr has further increased its product offerings in Q1 2022 with the launch of BC Vanilla Frost and BC Tropical Zkltz in Quebec, BC Clementine Crush into British Columbia, and BC Strawnana in Alberta.
- In Q1 2022 Flowr continued to trial more than 50 new genetic strains to offer consumers differentiated exotic genetics, with high THC, high terpene contents, strong sensory profiles and premium quality buds.
- The Company has made significant steps to improve product quality in Q1 2022, by adding a processing step to sort buds post-harvest, as well as adding moisture control packs to bulk and retail products.
- The Company has shown significant growth in retail penetration across its core markets of Ontario, Alberta and British Columbia with more than 60% of stores carrying a Flowr product.

Adjusted EBITDA (Non-IFRS Measure)

Adjusted EBITDA is defined as net loss, plus (minus) income taxes (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, plus impairment charges, 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.

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

Reinstatement of Trading

The Company is pleased to announce that the failure-to-file cease trade order issued by the Ontario Securities Commission on May 6, 2022 ("FFCTO") against the Company has been fully revoked by the applicable regulatory authorities.

The FFCTO was issued as a result of the Company's failure to file the following periodic disclosure documents (the "Annual Filings") by the filing deadline of May 2, 2022:

- the audited annual financial statements of the Company for the year ended December 31, 2021;
- the management's discussion and analysis of the Company for the year ended December 31, 2021; and
- certificates of each of the Interim Chief Executive Officer and the Chief Financial Officer relating to the audited annual financial statements.

The Annual Filings were filed on SEDAR on May 20, 2022.

As previously announced on May 11, 2022, effective May 6, 2022, the TSX Venture Exchange ("TSXV") suspended trading in the Company's securities as a result of the issuance of the FFCTO. The Company applied to the TSXV for the reinstatement of trading of the Company's securities on the TSXV. The reinstatement of trading of the Company's securities on the TSXV was granted by the TSXV on May 27, 2022 and the common shares of Flowr will be reinstated to trade effective at the opening on May 31, 2022.

In addition, further to the Company's press release dated May 2, 2022 in respect of the completion of the sale of Holigen Holdings (the "Holigen Sale"), an arm's length third party received a cash payment of C\$1,250,478.72 and 96,354 common shares of Akanda Corp. as an advisory fee in connection with the services provided to the Company in relation to the Holigen Sale.

About The Flowr Corporation

The Flowr Corporation is a Canadian cannabis company with its operating campus located in Kelowna, British Columbia. 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:

Tom Flow
Interim Chief Executive Officer

CONTACT INFORMATION:

INVESTORS & MEDIA:

investors@flowrcorp.com

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'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; 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 Company's other publicly filed documents, which 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.