Rubicon Organics Reports First Quarter 2021 Financial Results and Operational Milestones

VANCOUVER, BRITISH COLUMBIA – May 18, 2021 -- Rubicon Organics Inc. (TSXV: ROMJ) (OTCQX: ROMJF) ("Rubicon Organics" or the "Company"), a licensed producer focused on cultivating and selling organic certified and premium cannabis, today reported its financial results for the first quarter ended March 31, 2021 ("Q1 2021"). All amounts are expressed in Canadian dollars.

"Rubicon Organics has maintained its market share leadership position in the organic cannabis segment and remains a top selling premium brand in all major Canadian provinces. We remain focused on superior product quality and we have rapidly implemented efficiencies to our production process that position us to maximize our profitability. Our unique expertise in cultivating and marketing premium cannabis remains a significant competitive advantage and we firmly believe we have the right team and the right strategy to deliver long-term value for our shareholders," said Jesse McConnell, Chief Executive Officer.

Q1 2021 Highlights:

- Earned $4.1 million of net revenue, an increase of $3.7 million versus the prior year;
- Received a Health Canada license amendment which authorizes the direct sale of cannabis topical, edible and concentrate products to provincially authorized distributors/retailers and registered patients;
- Closed a bought deal offering of 6,052,631 units for aggregate gross proceeds of $23.0 million;
- Entered into an agreement with The Valens Company (TSX:VLNS) for organic certified extraction services;
- Received purchase orders from distributors in Ontario, British Columbia, Alberta and Saskatchewan for Wildflower CBD Relief Sticks and Wildflower CBD Cool Sticks; and
- Fully repaid a $5.0 million first mortgage loan that had matured.

Highlights Subsequent to Q1 2021:

- Announced a Cannabis Purchase and Sale Agreement with the YCL for the distribution of its portfolio of cannabis products to consumers in Yukon territory;
- Fully repaid a $3.4 million second mortgage loan that had matured; and
- Fully repaid a $5.0 million second mortgage loan originally due on May 27, 2021.

Q1 2021 Select Financial and Operational Results:

	Three months ended March 31, 2021 $	Three months ended March 31, 2020 $	Three months ended December 31, 2020 $
Net revenue	**4,110,563**	454,043	4,774,488
Other income	**—**	131,173	—
Loss from continuing operations	**(3,987,316)**	(3,696,245)	(4,805,606)
Loss from discontinuing operations	**—**	(111,926)	(237,096)
Net loss for the period	**(3,987,316)**	(3,808,171)	(5,042,702)
Adjusted EBITDA*	**(3,375,368)**	(3,036,260)	(2,958,525)
Cash	**20,213,416**	1,650,313	12,136,459
Working Capital	**20,534,187**	2,476,598	4,166,180

* Adjusted EBITDA is a non-GAAP measure that is calculated as earnings (losses) from operations before interest, tax, depreciation and amortization, share-based compensation expense, and fair value changes. See *Selected Financial Information* in the Q1 2021 Management's Discussion & Analysis for details on the Adjusted EBITDA calculation.

In Q1 2021, Rubicon Organics earned $4.1 million of net revenue, an increase of $3.7 million from Q1 2020, which is attributable to an increased product offering, including the launch of new brands, and expanded distribution channels across Canada. Net revenue declined $0.7 million from Q4 2020 due to ongoing restrictions by provincial governments on retail store operations.

The Company reported an Adjusted EBITDA loss of $3.4 million in Q1 2021, as compared to a loss of $3.0 million in Q4 2020 and $3.0 million in Q1 2020. The sequential change in Adjusted EBITDA is attributable to the decline in net revenue described above and the variance over the prior year is due to higher operating costs incurred to support the ramp up of the Company's operations.

The Company reported a net loss of $4.0 million in Q1 2021, as compared to a net loss of $5.0 million in Q4 2020 and $3.8 million in Q1 2020. The sequential change in profitability reflects fair value changes in the Company's cannabis assets and the year-over-year variance reflects higher net revenue offset by increased production and overhead costs, as well as a foreign currency translations benefit in the prior year.

Outlook

In Q1 2021, the Company maintained significant market share in the premium and organic product categories with its Simply Bare Organic™ brand[1]. The Company held a top six position in premium in each of Ontario, Alberta and Quebec and remained the #1 premium brand in BC[1]. Consistent with industry trends and guidance, the shutting of stores in Q1 2021 had a significant impact on sales to provincial distributors relative in forecast, particularly in Ontario and Alberta. This trend of decreased sales in Ontario and Alberta has continued with the ongoing lock-downs and store closures where sales are limited to "click and collect" shopping in those markets. In the few weeks that stores in Ontario were open to in-store shopping, Rubicon saw significant in-store sales increases. The government restrictions on retail operations remains challenging for revenue

[1] Based on information from industry data sources including the Ontario Cannabis Stores and Buddi data during the period from January 1, 2021 to March 31, 2021.

growth, but the results of the few weeks being open indicated a strong consumer demand in the premium segment for our Simply Bare Organic™ brand.

As a proactive measure to an uncertain outlook for store re-openings, Rubicon Organics is undergoing a company-wide restructuring and has already achieved an annualized savings of $2.6 million. Rubicon is also accelerating the launch of additional products and brands in the coming months which we expect will drive revenue within more segments of the premium flower category and with cannabis 2.0 product launches.

COVID-19 related store closures will impact Rubicon Organics' ability to achieve its previously disclosed Adjusted EBITDA and operating cash flow targets in Q2 2021. The Company's current expectation for the achievement of such milestones has been delayed to Q3 2021, subject to the impact of further provincial restrictions on retail store openings and distributor buying patterns. We remain confident in our product appeal and plan to win in the premium market given the additional SKU's being added in various markets across the country.

On March 31, 2021, the Company fully repaid the $5.0 million first mortgage on the Delta Facility. On April 23, 2021, the Company fully repaid two tranches of second mortgages totaling $8.4 million in principal and $2.1 million in accrued interest. In Q2 2021, the Company expects to enter into a mortgage financing facility at more favourable terms.

Conference Call

The Company will be hosting a conference call to discuss Q1 2021 results on May 18, 2021. Conference call details are as follows:

Date and time:	7:00 AM PT / 10:00 AM ET
Conference ID:	2699002
Local dial-in:	(833) 900-2238
International dial-in:	(647) 689-5136
Webcast:	https://onlinexperiences.com/Launch/QReg/ShowUUID=C4504707-166F-4539-B5A1-E58E4DEF03BE

ABOUT RUBICON ORGANICS INC.

Rubicon Organics Inc. is becoming the global brand leader in organic cannabis products. Through its wholly owned subsidiary Rubicon Holdings Corp, a licensed producer, the Company cultivates, processes and sells organic certified, sustainably produced, super-premium cannabis products from its state-of-the-art hybrid greenhouse located in Delta, BC, Canada. Rubicon Organics is focused on achieving industry leading profitability through a focus on innovation and the development of brands and cannabis 2.0 products, including its flagship super-premium brand Simply Bare™ Organic, its super-premium concentrate brand LAB THEORY™ and its premium flower and hash brand 1964™.

CONTACT INFORMATION

Margaret Brodie
Chief Financial Officer
Phone: +1 (437) 929-1964
Email: ir@rubiconorganics.com

Cautionary Statement Regarding Forward Looking Information

This press release contains forward-looking information within the meaning of applicable securities laws. All statements that are not historical facts, including without limitation, statements regarding future estimates, plans, programs, forecasts, projections, objectives, assumptions, expectations or beliefs of future performance, statements regarding Rubicon Organics' proposed brand launches and path to market are "forward-looking statements". Forward-looking information can be identified by the use of words such as “will” or variations of such word or statements that certain actions, events or results "will" be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward looking statements. The forward-looking information in this press release is based upon certain assumptions that management considers reasonable in the circumstances, including the launch of new brands and cannabis products, the timing of becoming Adjusted EBITDA and cash flow positive, and the Company’s ability to refinance its debt. Risks and uncertainties associated with the forward looking information in this press release include, among others, dependence on obtaining and maintaining regulatory approvals, including acquiring and renewing federal, provincial, local or other licenses and any inability to obtain all necessary governmental approvals licenses and permits for construction at its facilities in a timely manner; regulatory or political change such as changes in applicable laws and regulations, including bureaucratic delays or inefficiencies or any other reasons; any other factors or developments which may hinder market growth; Rubicon Organics' limited operating history and lack of historical profits; reliance on management; and the effect of capital market conditions and other factors on capital availability; competition, including from more established or better financed competitors; and the need to secure and maintain corporate alliances and partnerships, including with customers and suppliers; and the effects of the COVID-19 pandemic. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. Although Rubicon Organics has attempted to identify important risk factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other risk factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in forward-looking statements. Rubicon Organics assumes no obligation to update any forward-looking statement, even if new information becomes available as a result of future events, new information or for any other reason except as required by law.

Non-GAAP Financial Measures

This press release contains certain financial performance measures that are not recognized or defined under IFRS (“Non-GAAP Measures”) including, but not limited to, “Adjusted EBITDA”. As a result, this data may not be comparable to data presented by other cannabis companies. For an explanation and reconciliation of these measures to related comparable financial information presented in the financial statements prepared in accordance with IFRS for the 3 months ended March 31, 2021, please refer to the “Selected Financial Information” section in the MD&A for the 3 months ended March 31, 2021. The Company believes that these Non-GAAP Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operational performance of the Company.