# Rubicon Organics Reports 2023 Financial Results

- **Net revenue of $40.1 million for the twelve months ended December 31, 2023**
- **Adjusted EBITDA[1] of $4.4 million for the twelve months ended December 31, 2023**
- **Achieved operating cash flow of $5.0 million for the twelve months ended December 31, 2023**
- **Achieved Free Cash Flow[2] of $2.5 million for the year ended December 31, 2023**
- **6.9%[3] national market share of premium flower and pre-rolls for the twelve months ended December 31, 2023**
- **Wildflower™ is the number one topical brand in Canada with market share of 21.8%[4] for the twelve months ended December 31, 2023**
- **15.2%[5] national market share of premium concentrates for the twelve months ended December 31, 2023**
- **14.0%[6] national market share of premium edibles for the three months ended December 31, 2023**
- **Simply Bare™ Organic and 1964 Supply Co™ identified as 2 of top 3 brands recommended by Canadian budtenders[7]**
- **Rubicon Organics won "Cannabis Company of the Year" and "People's Choice for Best Weed" awards[8]**
- **5 new independent directors appointed to the Board**

**VANCOUVER, BRITISH COLUMBIA – March 27, 2024** – Rubicon Organics Inc. (TSXV: ROMJ) (OTCQX: ROMJF) ("Rubicon Organics", "Rubicon", or the "Company"), a licensed producer focused on cultivating and selling organic certified, premium cannabis, today reported its financial results for the year ended December 31, 2023 ("Q4 2023"). All amounts are expressed in Canadian dollars.

"2023 served as a cornerstone year for Rubicon. We've solidified our presence with established brands fueled by our renowned reputation for quality flower, now expanding into diverse product formats exemplified by our success of launching edibles under 1964 Supply Co.™ and Wildflower™. Looking forward to 2024, we're thrilled to unveil several exciting initiatives, including the highly anticipated launch of full spectrum extract ("FSE") resin vapes under 1964 Supply Co.™ which I view as our next significant growth opportunity" said Margaret Brodie, CEO.

Janis Risbin, CFO, said ""I am pleased to announce that Rubicon has attained its seventh consecutive quarter of positive Adjusted EBITDA and sixth consecutive quarter of positive operating cashflow. Despite the challenges faced in the latter half of 2023 due to competitive

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[1] *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* ***Non-GAAP Financial Measures*** *for details on the Adjusted EBITDA calculation.*

[2] *Free Cash Flow 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* ***Non-GAAP Financial Measures*** *for details on the Free Cash Flow calculation.*

[3] *Hifyre data for premium flower & pre-rolled products covering twelve months ending December 31, 2023*

[4] *Hifyre data for topical products covering twelve months ending December 31, 2023*

[5] *Hifyre data for premium concentrate products covering twelve months ending December 31, 2023*

[6] *Hifyre data for premium edible products covering three months ending December 31, 2023*

[7] *Brightfield Group Canada Budtender Study 2023*

[8] *2023 KIND Magazine's ("KIND") awards*

pricing pressures in the Canadian cannabis sector and broader negative macroeconomic factors affecting Canadian consumers, we are optimistic about the prospects in 2024. With Rubicon's prominent position as a leading force in the premium cannabis market, I am enthusiastic about the opportunities that lie ahead."

**2023 Highlights:**
*For the twelve months ended December 31, 2023*

- Net revenue of $40.1 million (13% increase from 2022)
- Gross profit before fair value adjustments of $14.1 million (15% increase from 2022)
- Achieved Adjusted EBITDA[1] profitability of $4.4 million with Q4 2023 marking the seventh consecutive quarter of Adjusted EBITDA[1] profitability
- Growth in cash balance by $1.5 million from December 31, 2022 from $8.3 million to $9.8 million while reducing accounts payable and accrued liabilities by $1m
- Achieved $5.0 million operating cashflow. Q4 2023 marking the sixth consecutive quarter of operating cashflow positive
- Simply Bare™ Organic and 1964 Supply Co.™ identified as 2 of top 3 brands recommended by Canadian budtenders[7].
- 1964 Supply Co.™ voted #1 brand sampled at KIND Summer Fair.
- Rubicon Organics won "Cannabis Company of the Year" and "People's Choice for Best Weed" awards[8]
- 2.1%[9] national market share of flower and pre-rolls
- 6.9%[3] national market share of premium flower and pre-rolls
- 21.8%[4] national market share of topical products
- 15.2%[10] national market share of premium concentrates
- 4.3%[11] national market share of premium edibles following initial launch of 1964 Supply Co™ edibles in Q2 2023 and Wildflower™ launch in Q4 2023.

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[9] *Hifyre data for flower & pre-rolled products covering twelve months ending December 31, 2023*
[10] *Hifyre data for premium concentrates products covering twelve months ending December 31, 2023*
[11] *Hifyre data for premium edible products covering twelve months ending December 31, 2023*

## 2023 Results of Operations:

| | Three months ended | | Year ended | |
|---|---|---|---|---|
| | **December 31, 2023 $** | December 31, 2022 $ | **December 31, 2023 $** | December 31, 2022 $ |
| Net revenue | **9,992,997** | 10,991,985 | **40,116,476** | 35,518,133 |
| Production costs | **2,734,441** | 2,559,782 | **10,802,416** | 10,484,602 |
| Inventory expensed to cost of sales | **3,774,785** | 3,682,364 | **14,432,764** | 11,957,149 |
| Inventory written off or provided for | **268,716** | 241,103 | **794,117** | 865,868 |
| **Gross profit before fair value adjustments** | **3,215,055** | 4,508,736 | **14,087,179** | 12,210,514 |
| Fair value adjustments to cannabis plants, inventory sold, and other charges | **829,800** | (2,379,925) | **(946,409)** | 1,595,830 |
| **Gross profit** | **4,044,855** | 2,128,811 | **13,140,770** | 13,806,344 |

| As At: | **December 31, 2023 $** | December 31, 2022 $ |
|---|---|---|
| Cash and cash equivalents | **9,784,190** | 8,294,117 |
| Working capital † | **10,132,089** | 19,321,971 |

† Working capital as at December 31, 2023 includes $10.3 million current portion of loans and borrowings. Management is in negotiations to refinance expected in the second half of 2024.

## 2023 and Subsequent Sales & Operational Highlights:

- Rubicon Organics has established high-quality partnerships for contract grow and co-manufacturing to complement our own premium production and to satisfy the increasing demand for our brands.

- The Company launched its first entry into the edibles category, through a co-manufacturing relationship, with 1964 Supply Co™ live rosin edibles in Ontario, BC and Alberta. These edibles were the first single-strain live rosin edibles in Canada and are vegan and gluten-free. Following up on the success of the initial two flavour launch in the second quarter, 1964 Supply Co™ has since rolled out five additional flavours.

- Wildflower™ launched its first edibles in October 2023. These edible products consist of four flavours and contain the minor cannabinoids CBN, CBG and CBD as well as full spectrum THC live rosin, and are vegan and gluten-free.

- Simply Bare ™ Organic launched infused pre-rolls under the Simply Bare ™ Organic brand, including the “Layer J” in BC and Ontario in October 2023. It contains two layers, one with flower and hash of one cultivar, and the other with flower and hash rosin of another cultivar. The two cultivars are BC Organic Cleopatra and BC Organic White Rainbow.

- Simply Bare ™ Organic launched a new 2-gram hash, “New School Hash” available in BC, Ontario, Alberta and Quebec.

- With the continuing growth of the infused pre-roll category, 1964 Supply Co™ launched the 1 x 1-gram Comatose rosin roll that features a mix of flavourful Comatose flower and potent Comatose hash rosin. Comatose was the 1964 Supply Co ™ “hero strain” and was voted indica of the year by Kind Magazine in December 2022.

- In September 2023, the Company’s brand 1964 Supply Co™ launched an infused pre-roll, the Super Lemon Haze “Heavy Hitter” rosin roll which is a 1 x 1 gram infused pre-rolls featuring Super Lemon Haze flower, and potent Super Lemon Haze hash rosin.

- Wildflower™ is leveraging its leading market share by launching new products to address consumer needs in the wellness space. The new products launched consist of Wildflower™ Extra Strength Relief Stick and Wildflower™ 1:1 CBD:THC Relief Stick.

- Brightfield released its own survey of Canadian Budtenders and in those results, Simply Bare ™ Organic and 1964 Supply Co™ were identified as two of the top three most recommended brands by Canadian budtenders[8].

- 1964 Supply Co™ was voted as the #1 brand sampled at the KIND Summer Fair by budtenders. Of the budtenders surveyed, 96% are more likely to recommend a brand they sampled at the KIND Summer Fair.

- The Company added 5 new independent directors to its Board of Directors following its Annual General Meeting.

- The Company appointed Margaret Brodie as permanent Chief Executive Officer and Janis Risbin as Chief Financial Officer.

## 2024 Outlook

### *Brand and Product Development*

Our strategy is founded on a strong premium branded portfolio, highly regarded by both budtenders and consumers alike. Guided by consumer research, we continually innovate our products to anticipate market trends. Our commitment to quality and excellence is evident throughout all areas of our business, seeking to deliver products and services that consistently meet the highest quality standards.

### *Launch into Vape Category*

Rubicon is launching into the vape category with our 1964 Supply Co™ brand. The introduction of vapes strategically aligns with our market expansion strategy and offers substantial growth prospects. The vape market has demonstrated robust growth over recent years and trends in Canada and the US demonstrate indicating the vape category's increasing prominence, rivaling or surpassing traditional flower products.

Our launch into the vape category takes advantage of additional biomass available from our contract grow strategy launched in 2023 of our own genetics grown outside of the Delta Facility. We have successfully listed our leading Comatose and Blue Dream Full Spectrum Extract (“FSE”) resin vapes in Ontario and the product is expected to be first available in May seeking to launch in other provinces soon after. In line with our approach to the live rosin edibles we launched under the brand in 2023, we are focused on delivering products that maintain a competitive edge through superior quality, right price to value ratio leveraging our established and reputable brands. We are confident that by capitalizing on this opportunity, over time we can achieve comparable financial success with our vape offerings as we have with our flower business.

***Wildflower™’s Leadership in Cannabis Wellness***

Wildflower™'s prominence in the cannabis wellness sector is characterized by its notable dominance in topical products and the Company has recently expanded the brand to other categories, including edibles and capsules designed to address specific wellness needs such as sleep, pain relief, and anxiety reduction. While we expect more competition to enter the topical and wellness category, we are expanding the brand into other categories and anticipate steady growth and momentum behind the daily wellness consumer.

***Launch of New Genetics***

Rubicon plans to continue to launch new and novel genetics into its Simply Bare™ Organic and 1964 Supply Co™ to continue leadership in the premium cannabis market. Planned launches in 2024 include BC Organic Zookies, BC Organic Power Mintz, and BC Organic Fruit Loopz under the Simply Bare™ Organic brand, and Blue Dream under the 1964 Supply Co™ brand.

***Growth from Solid Business Fundamentals***

Consistent quality and systematic delivery to our customers, including the provincial distributors and retailers, and consumers to meet their needs is imperative to be successful in the Canadian cannabis industry. In 2024 we are investing in an Enterprise Resource Planning (“ERP”) system which is necessary for our business to deliver more growth in future and allow less reliance on key people within our internal systems. Predominantly in the first half of 2024 we will incur additional costs associated with this project, and while a resource intensive process, this ERP implementation readies our business for growth in future.

***Financial***

We believe that our commitment to cannabis quality, strategic brand positioning, diverse product portfolio, and committed team will position us as one of the premier cannabis companies in Canada. We anticipate year over year growth in net revenue, supported by modest increases in our cost base, excluding the impact of the ERP implementation occurring mostly in the first half, thereby enhancing our operating leverage. While we expect growth in 2024, we also anticipate that much of the growth will come from our branded products that are produced using external capacity and thereby deliver lower gross margin than our current mix. Furthermore, we expect continued fierce competition in the distressed Canadian cannabis industry with price compression across all categories. Notwithstanding these pressures, we expect to deliver continued operating positive cash flow in the year ahead and plan to refinance our debt to a longer-term mortgage facility midway through the year.

**Q4 2023 Financial and Market Share Highlights:**
*For the three months ended December 31, 2023*

- Net revenue of $10.0 million (9.1% decrease from Q4 2022)
- Gross profit before fair value adjustments of $3.2 million (29% decrease from Q4 2022)
- Achieved seventh consecutive quarter of Adjusted EBITDA[1] profitability with $1.3 million
- Achieved sixth consecutive quarter of operating cashflow positive of $1.1 million
- 2.1%[12] national market share of flower and pre-rolls
- 6.7%[13] national market share of premium flower and pre-rolls
- 26.9%[14] national market share of topical products
- 14.0%[15] national market share of premium edibles
- 11.0%[16] national market share of premium concentrates

**Conference Call**

The Company will be hosting a conference call to discuss Q4 2023 results on Thursday, March 28, 2024. Conference call details are as follows:

| | |
|---|---|
| Time: | 7:00 AM PT / 10:00 AM ET |
| Conference ID: | 60125 |
| Local dial-in: | +1 (289) 514 5100 |
| Toll Free N. America: | +1 (800) 717 1738 |
| Webcast: | https://onlinexperiences.com/Launch/QReg/ShowUUID=9301B4F8-90BC-41BC-B6FD-2A7014DDDD65 |

[12] *Hifyre data for flower & pre-rolled products covering three months ending December 31, 2023*
[13] *Hifyre data for premium flower & pre-rolled products covering three months ending December 31, 2023*
[14] *Hifyre data for topical products covering three months ending December 31, 2023*
[15] *Hifyre data for premium edible products covering twelve months ending December 31, 2023*
[16] *Hifyre data for premium concentrates products covering three months ending December 31, 2023*

## ABOUT RUBICON ORGANICS INC.

Rubicon Organics Inc. is the global brand leader in premium organic cannabis products. The Company is vertically integrated through its wholly owned subsidiary Rubicon Holdings Corp, a licensed producer. Rubicon Organics is focused on achieving industry leading profitability through its premium cannabis flower, product innovation and brand portfolio management, including three flagship brands: its super-premium brand Simply Bare™ Organic, its premium brand 1964 Supply Co™, and its cannabis wellness brand Wildflower™ in addition to the Company's mainstream brand Homestead Cannabis Supply™.

The Company ensures the quality of its supply chain by cultivating, processing, branding and selling organic certified, sustainably produced, super-premium cannabis products from its state-of-the-art glass roofed facility located in Delta, BC, Canada.

## CONTACT INFORMATION

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## 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 companies.

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 as well as its liquidity. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. For more information, please refer to the "Selected Financial Information" section in the MD&A for the year ended December 31, 2023, which is available on *SEDAR+* at www.sedarplus.ca.

*Adjusted EBITDA*

Below is the Company's quantitative reconciliation of Adjusted EBITDA calculated as earnings (losses) from operations before interest, tax, depreciation and amortization, share-based compensation expense, and fair value changes. The following table presents the Company's reconciliation of Adjusted EBITDA to the most comparable IFRS financial measure for the year ended December 31, 2023, December 31, 2022, and December 31, 2021.

| | Year ended | | |
|---|---|---|---|
| | **December 31, 2023** | December 31, 2022 | December 31, 2021 |
| | **$** | $ | $ |
| Profit (loss) from operations | **(1,083,445)** | (2,588,676) | (13,257,417) |
| IFRS fair value accounting related to cannabis plants and inventory | **946,409** | (1,595,830) | 798,047 |
| Interest revenue | **—** | — | (83,583) |
| Depreciation and amortization | **3,123,649** | 3,050,085 | 2,396,498 |
| Share-based compensation expense | **1,384,759** | 3,042,119 | 2,140,182 |
| Adjusted EBITDA | **4,371,372** | 1,907,698 | (8,006,273) |

The following table presents the Company's Adjusted EBITDA for the three months ended December 31, 2023, September 30, 2023, and December 31, 2021.

| | Three months ended | | |
|---|---|---|---|
| | **December 31, 2023** | September 30, 2023 | December 31, 2022 |
| | **$** | $ | $ |
| Profit (loss) from operations | **889,166** | (1,507,718) | (2,717,482) |
| IFRS fair value accounting related to cannabis plants and inventory | **(829,800)** | 1,309,266 | 2,379,925 |
| Depreciation and amortization | **793,006** | 810,633 | 790,030 |
| Share-based compensation expense | **440,491** | 529,742 | 813,876 |
| Adjusted EBITDA | **1,292,863** | 1,141,923 | 1,266,349 |

*Free Cash Flow*

Free cash flow is a non-GAAP measure used by management that is not defined by IFRS and may not be comparable to similar measures presented by other companies. Management believes that free cash flow presents meaningful information regarding the amount of cash flow required to maintain and organically expand our business, and that the free cash flow measure provides meaningful information regarding our liquidity requirements.

Free cash flow is calculated as net cash provided by (used in) operating activities, less purchases of and deposits on property, plant and equipment.

| | Year ended | | Three months ended | |
|---|---|---|---|---|
| | **December 31, 2023** | December 31, 2022 | **December 31, 2023** | December 31, 2022 |
| | **$** | $ | **$** | $ |
| Cash from operating activities | **5,049,740** | 1,952,008 | **1,098,123** | 2,839,319 |
| Purchases of and deposits on property, plant and equipment | **(2,582,825)** | (4,100,864) | **(524,046)** | (973,901) |
| **Free Cash Flow** | **2,466,915** | (2,148,856) | **574,077** | 1,865,418 |

**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' goal of achieving industry leading profitability 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 impact on revenue of new products and brands entering the market, and the timing of achieve Adjusted EBITDA[1] profitability and cashflow positive. 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 those factors identified under the heading "Risk Factors" in Rubicon Organic’s annual information form dated March 27, 204 filed with Canadian provincial securities regulatory authorities.

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.

We have made numerous assumptions about the forward-looking statements and information contained herein, including among other things, assumptions about: optimizing yield, achieving revenue growth, increasing gross profit, operating cashflow and Adjusted EBITDA[1] profitability. Even though the management of Rubicon Organics believes that the assumptions made, and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in forward-looking statements. Investors are cautioned against undue reliance on forward-looking statements or information.

Forward-looking statements and information are designed to help readers understand management's current views of our near and longer term prospects and may not be appropriate for other purposes. Rubicon Organics assumes no obligation to update any forward-looking statement, even if new information becomes available as a result of future events, changes in assumptions, new information or for any other reason except as required by law.