



Rubicon Organics Reports Second Quarter Financial Results and Operational Milestones

- Achieved first full quarter of fully planted cultivation at Delta, BC facility
- Established recreational market distribution from BC to Ontario, covering 71% of the Canadian population, and formed distribution channels for Canadian and German medical markets
- Closed \$13.5 million private placement to optimize Delta, BC facility and launch cannabis 2.0 products

VANCOUVER, BRITISH COLUMBIA – August 26, 2020 -- Rubicon Organics Inc. (“Rubicon Organics” or the “Company”) (CSE:ROMJ | OTCQX:ROMJF), today reported its financial results for the second quarter ended June 30, 2020 (“Q2 2020”). All amounts are expressed in Canadian dollars.

“Our team at Rubicon Organics achieved a number of very significant milestones in Q2 2020. The result is a strong foundation for the distribution of our premium and organically cultivated cannabis products and the financial resources to secure the execution of our strategy. In particular, we have expanded our distribution channels across Canada from British Columbia to Ontario, received licensing to access the Canadian medical market and established a partnership that will open distribution in Germany in 2021. With \$12.5 million in cash at quarter end, our facility is running at full utilization and we have the resources to fund our growth into all these markets, achieve our financial goals and to expand our product line through innovation of the highest quality and sustainably produced cannabis products,” said Jesse McConnell, Chief Executive Officer.

Second Quarter Highlights:

- Increased quarterly gross revenue sequentially to \$1.2 million in Q2 2020 from \$0.5 million in Q1 2020;
- Achieved full cultivation utilization at the Company’s Delta, BC facility with eight SKUs now on shelves across the country;
- Received a medical sales license from Health Canada;
- Received a sales amendment from Health Canada to sell dried and fresh cannabis products for recreational use directly to all provincial and territorial distributors;
- Announced direct supply agreements with the Alberta Gaming, Liquor & Cannabis (“AGLC”), British Columbia Liquor Distribution Branch (“BCLDB”) and the Ontario Cannabis Store (“OCS”);

- Signed a three-year product supply agreement with Canacur GmbH, a medical cannabis distributor in Germany, with first shipment expected in the first half of 2021, pending Rubicon Organics' EU-GMP certification;
- Completed a private placement of common shares and common share purchase warrants for gross proceeds of \$13.5 million, with proceeds to be used to optimize the Company's Delta, BC facility and to launch cannabis 2.0 products; and
- Subsequent to quarter-end, received conditional approval to list on the TSX Venture Exchange ("TSXV").

Second Quarter Select Financial and Operational Results:

For the three months ended June 30

	2020 \$	2019 \$ (restated)*
Gross revenue	1,198,683	—
Net revenue	992,003	—
Other income	—	—
Loss from continuing operations	(1,568,361)	(3,211,408)
Loss from discontinued operations	(246,691)	(246,523)
Net loss for the period	(1,815,052)	(3,457,931)
Total comprehensive loss	(1,888,271)	(3,770,598)
Loss per share from continuing operations	(0.04)	(0.09)
Loss per share	(0.04)	(0.09)

*Restated due to discontinued operations

"We are well on track during this ramp up phase in our operations and have met our internal expectations. We have established a solid platform for high quality production and we anticipate significant revenue growth in the upcoming quarters as we continue to build our product inventory and sell through our newly established provincial channels," said Jesse McConnell, Chief Executive Officer.

In the second quarter, Rubicon Organics earned \$1.0 million of net revenue which is an increase of 118% as compared to the first quarter. This increase in net revenue is attributable to higher sales volume through all distribution channels.

The Company reported an Adjusted EBITDA loss of \$2.5 million in Q2 2020, as compared to a loss of \$3.0 million in Q1 2020 and a loss of \$2.0 million in the prior year. The sequential improvement in Adjusted EBITDA is attributable to the increase in net revenue in Q2 described above and reflects relatively consistent cash operating expenses.

The Company reported a net loss of \$1.8 million in Q2 2020, as compared to a net loss of \$3.8 million in Q1 2020 and net loss of \$3.5 million in the prior year. The sequential improvement in profitability includes gains on changes in the fair value of the Company's cannabis assets.

Outlook

Rubicon Organics is focused on producing premium organic certified cannabis products and developing brands for sale to the Canadian market as well as establishing distribution channels to Germany with the expectation to enter international markets in 2021.

The Company has three direct supply agreements with the OCS, BCLDB and AGLC and expects to ramp up product deliveries to these markets as well as to access the Quebec market in 2020. The Company plans to continue to use local distributors in Saskatchewan and Manitoba.

Following approval from Health Canada on May 5, 2020 for site amendments that included the use of its land at the Delta Facility for an outdoor grow, the Company has launched a pilot scale outdoor grow and is assessing strain suitability to potentially launch a larger outdoor grow program in 2021 with the most successful outdoor strains.

The Company is in the process of installing additional high-performance LED lighting in the final three of its five cultivation compartments to supplement sunlight in winter months. Renovations to the Delta Facility's processing area are also underway to facilitate compliance with EU-GMP requirements thereby providing access to the German market. The Company also continues to work to accelerate certain of its innovation pipeline projects.

The Company is determined to achieve positive operating cash flow and profitability. The Company currently expects to achieve positive EBITDA on a monthly basis by year-end 2020 and to achieve monthly positive cash flow from operations in the first half of 2021.

The Company expects to refinance debt maturing in 2021 to a long-term mortgage financing facility at lower interest rates and may seek other capital through equity, and debt arrangements.

The Company expects to list the common shares and 3,150,000 warrants of the Company on the TSXV in September 2020. The Company is actively working to satisfy certain requirements of the TSXV in accordance with the terms of its conditional approval letter.

The COVID-19 outbreak was declared a pandemic by the World Health Organization in 2020. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time. These impacts could include an impact on our ability to maintain operations, to obtain debt and equity financing, access to necessary supplies, credit risk associated with our accounts receivable, impairments in the value of our long-lived assets, or potential future decreases in revenue or the profitability of our ongoing operations. The Company continues to work diligently to ensure operations continue and product is delivered while continuing to emphasize the safety of our product and employees.

ABOUT RUBICON ORGANICS INC.

Rubicon Organics Inc., through its wholly owned subsidiary Vintages Organic Cannabis Company Inc., holds a license to cultivate and process certified organic, premium cannabis at its flagship 125,000 sq. ft. state-of-the-art hybrid greenhouse located on a 20-acre property in Delta, BC, Canada. The Company is focused on achieving industry leading profitability through the development of the brand identity Simply Bare™ Organic, that combines the sale of high-margin, premium organic products with low-cost sustainable production. The Company is currently ramping up to production capacity of 11,000 kg per year of certified organic and environmentally sustainable cannabis.

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 that its capital needs will be as currently projected, the timing of accessing international markets, the timing of becoming EBITDA and cash flow positive, the timing of entering the market in Quebec, the Company's ability to refinance its debt and obtaining approval to list on the TSXV. 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; the effect of capital market conditions and other factors on capital availability; competition, including from more established or better financed competitors; 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, “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 second quarter ended June 30, 2020, please refer to the “Results of Operations” section in the MD&A for the second quarter ended June 30, 2020. 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.