

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: **Grown Rogue International Inc.** (the “Issuer” or the “Company”).

Trading Symbol: **GRIN**

Number of Outstanding Listed Securities: **170,632,611**

Date: **January 5, 2023**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**Grown Rogue International (CSE: GRIN | OTC: GRUSF) is a craft cannabis company focused on delighting customers with premium flower and flower-derived products at fair prices. Our roots are in Southern Oregon where we have demonstrated our capabilities in the highly competitive and discerning**

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Oregon market and, more recently, we successfully expanded our platform to Michigan. We combine our passion for product and value with a disciplined approach to growth, prioritizing profitability and return on capital. Our strategy is to pursue capital efficient methods to expand into new markets, bringing our craft quality and value to more consumers. We also continue to make modest investments to improve our outdoor craft cultivation capabilities in preparation for eventual interstate commerce

On December 13, 2022, the Issuer announced fourth quarter 2022 results, including the following:

- Revenue of \$5.07M compared to \$3.76M in Q4 2021, an increase of 35%
- Adjusted EBITDA<sup>1</sup> (aEBITDA) of \$1.66M compared to \$1.2M in Q4 2021, an increase of 39%
- Positive free cash flow for Q4 2022 and fiscal 2022
- Subsequent to quarter-end, closed a \$2.0M convertible debenture financing (see details at Item 13, below)
- Oregon Market Highlights
  - #1 Flower brand in Oregon for the sixth consecutive quarter, according to LeafLink's MarketScape data
  - Total harvested wet weights for the state of Oregon decreased 13% YoY for indoor and 21% YoY for outdoor
- Michigan Market Highlights
  - Gross margin of 63.4% in the quarter before fair value adjustments
  - Completed the first harvests from the 13th and 14th growing rooms in Q4 2022

<sup>1</sup> *The Issuer's "aEBITDA," or "Adjusted EBITDA," is a non-IFRS measure used by management that does not have any prescribed meaning by IFRS and that may not be comparable to similar measures presented by other companies. The Issuer defines "EBITDA" as the Issuer's net income or loss for a period, as reported, before interest, taxes, depreciation and amortization, and is further adjusted to remove transaction costs, stock-based compensation expense, accretion expense, gain (loss) on derecognition of derivative liabilities, the effects of fair-value accounting for biological assets and inventory, as well as other non-cash items and items not representative of operational performance as reported in net income (loss). Adjusted EBITDA is defined as EBITDA adjusted for the impact of*

*various significant or unusual transactions. The Issuer believes that this is a useful metric to evaluate its operating performance.*

2. Provide a general overview and discussion of the activities of management.

**Management explored new business and expansion opportunities.**

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**N/A**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**N/A**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**N/A**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**N/A**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**N/A**

8. Describe the acquisition of new customers or loss of customers.

**N/A**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**N/A**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**N/A**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**N/A**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**N/A**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**On December 5, 2022, the Issuer announced the closing of a non-brokered private placement of convertible debentures (the "Convertible Debentures") with an aggregate principal amount of US\$2,000,000. The Convertible Debentures bear an interest of 9% per year, paid quarterly, and mature 36 months from the date of issue.**

**The Convertible Debentures are convertible into common shares of the Company (the "Common Shares") at a conversion price of \$0.20 CAD per Common Share. Additionally, on closing, the Company issued to the purchasers of the Convertible Debentures (the "Purchasers") an aggregate of 6,716,499 warrants (the "Warrants"), that represent 50% coverage of each purchaser's Convertible Debenture investment. The Warrants are exercisable for a period of three (3) years from issuance into Common Shares at an exercise price of \$0.25 CAD per Common Share. The Company has the right to accelerate the warrants if the closing share price of the Common Shares on the Canadian Securities Exchange is \$0.40 CAD or higher for a period of 10 consecutive trading days.**

14. Provide details of any securities issued and options or warrants granted.

**N/A**

15. Provide details of any changes in directors, officers or committee members.

**N/A**

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**Trends and risks which may impact the Issuer are detailed in Section 17 – Risk Factors - in the Issuer's Listing Statement dated November 15, 2018.**



<b>Issuer Details</b>		
Name of Issuer Grown Rogue International Inc.	For Month End December 2022	Date of Report YY/MM/DD 23/01/5
Issuer Address 550 Airport Road		
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