



Gage Growth Corp. Announces Fiscal Year 2020 Results and Provides Business Update

- Full Year 2020 revenue increased 1,972% year-over-year to \$39.9 million
- Q4 2020 revenue increased 615% year-over-year to \$10.5 million
- Ended 2020 with over \$45 million of cash after closing the first tranche of oversubscribed Regulation A, Tier 2, equity financing
- Provided financial guidance for FY 2021 Q1 and Q2
- Eight cultivation facilities in operation today (three Gage operated and five contracted cultivation assets) expecting to expand to 13 cultivation facilities by year end
- Cultivation capacity expected to increase to 3,000lbs/month in June/July 2021 and further expand to 7,000lbs/month by year end
- Expects to operate in-house processing asset in the third quarter of 2021 leading to further margin expansion
- Posted record revenue on April 20, 2021 ("4/20"), generating over \$505,000 in a single day with average basket size of \$171 and 2,956 total transactions⁽¹⁾
- Consecutive record performance in March and April 2021 – March monthly revenue of \$7.5+ million and April revenue expected to exceed March results by a 5-6%⁽¹⁾
- The state of Michigan posted \$146 million of cannabis sales in March, which equates to approximately \$1.8 billion when annualized, positioning Michigan as the third largest cannabis market based on this run-rate

DETROIT, April 29, 2021 /CNW/ -- Gage Growth Corp. ("Gage" or the "Company") (CSE: GAGE) a leading high-quality cannabis brand and operator in Michigan, today reported its financial results for the three and twelve months ended December 31, 2020. All currency references used in this press release are in U.S. dollars unless otherwise noted.

Financial Highlights for the year ended December 31, 2020

| (in millions of US Dollars) | FY 2020 | FY 2019 |
|-----------------------------|----------|----------|
| Revenue | \$39.9 | \$1.9 |
| Gross Profit (Loss) | \$12.3 | (\$0.1) |
| Gross Margin % | 30.8% | (3.5%) |
| Total Operating Expenses | \$34.8 | \$71.7 |
| Net Loss | (\$29.8) | (\$75.0) |
| Cash, End of Period | \$45.5 | \$9.7 |

See "Non-IFRS Financial Measures" below for more information regarding Gage's use of Non-IFRS financial measures and other reconciliations

"Throughout 2020, we worked to establish Gage as one of the leading vertically integrated cannabis companies in Michigan. We strategically invested in the infrastructure and human capital necessary to build scale, leveraging our first-mover advantage and strong brand to own the Michigan market," said Fabian Monaco, CEO of Gage. "We are thrilled with the results of our efforts, demonstrated by the strong revenue growth and margin expansion we have achieved. Gage is approaching an exciting inflection point, which we believe will enable us to extend our strong growth as we look ahead to 2021."

Mr. Monaco added, "Michigan continues to report robust cannabis sales, and in March of this year, the state posted \$146 million of cannabis sales, which represents an annualized run rate of approximately \$1.8 billion. We believe Michigan will be a top five largest cannabis market in the United States this year."

Mr. Monaco concluded, "Overall, we are well positioned to further scale our business and execute on our expansion strategy in 2021. We are excited to build on our momentum and are already seeing great performance evidenced by our record monthly revenue in March and seeing the trend continue into April driven by the success of our new store launches and strength of our brand in the market. We are projecting to set another consecutive monthly revenue record in May with two more store openings."

Operational Updates and Developments

1. Plan to open 8th Gage operated dispensary in Battle Creek this week; two additional dispensary openings planned in May

- The Company continues to execute on its retail expansion strategy with the goal of opening 20 or more locations by year end.
- Anticipates opening two locations in May 2021, bringing its total retail footprint to ten.
- Two additional Cookies branded dispensaries expected to open in Q2/Q3 2021.

2. Actively pursuing accretive retail acquisitions at attractive prices

- Gage is in active discussions with multiple retail operators in Michigan.
- Significant revenue synergies expected to be realized as the Company expects to supply Gage/Cookies branded products which consistently sell out due to high demand.

3. Delivering on cultivation ramp-up and opening of processing lab to satisfy consumer demand

- The Company's Monitor Phase II cultivation expansion is expected to be completed in Q4 2021, bringing an additional 2,000lbs+/month of cultivation capacity.
- The Company expects its aggregate monthly cultivation capacity to increase to 3,000lbs in June/July and 7,000lbs by year end. This expansion is spread across eight cultivation facilities currently in production, moving to nine facilities at the end of Q2 2021, and 13 cultivation facilities by year end.
- Gage is expected to open its own processing asset in the third quarter of 2021. This will allow the Company to produce in-house branded extract-based products which command significantly higher margin. Currently, Gage is purchasing the majority of these extract-based products from third parties.

4. Gage continues to boast some of the industry's leading retail metrics⁽¹⁾

- The Company's average basket size in 2020 was \$164 compared to the estimated state average basket size of \$85. The Company

continues to see a range of \$150 - \$170 per average basket size in 2021.

- Additionally, Gage is targeting \$1 million average in revenue per month for each dispensary it operates in 2021. Gage's average monthly revenue over the past 60 days per dispensary is in excess of \$1 million. Moreover, excluding one particular location situated in a tourist heavy location that has been significantly impacted by the COVID-19 pandemic, average monthly revenue for each dispensary was approximately \$1.3 million in March 2021. Currently, four Gage operated dispensaries have been performing in the past 60 days at an annual run rate in excess of \$15 million.
- Consecutive record performance in March and April – March monthly revenue of \$7.5+ million and April expected to exceed March revenue by a 5-6%. In addition, Q1-2021 sequential quarter growth is projected to exceed 60%.⁽¹⁾

5. Record 4/20 Celebration⁽¹⁾

- In the full week leading up to 4/20, including 4/20, the Company posted record retail revenue of \$2,347,617, with 14,206 transactions and an average basket size of \$165.
- The Company celebrated 4/20 posting a single day retail revenue record across its seven dispensaries, conducting 2,956 transactions and generating over \$505,000 in revenue with an average basket size of \$171.

Financial Guidance⁽¹⁾

Based on the continued strength of the Company's operations and robust consumer demand, Gage is pleased to provide FY 2021 Q1 and Q2 guidance to reflect the transition from its 2020 growth strategy to achieving scale and operating leverage.

| Metric | Q1-2021 | Q2-2021 |
|-------------------------|----------|----------|
| Revenue | \$17-18M | \$26-31M |
| Flower Gross Margin (%) | 40-45% | 45-50% |

This guidance is fully funded and contemplates only current operations in Michigan. If such operations are impacted by COVID-19, guidance could be negatively affected.

See "Non-IFRS Financial Measures" below for more information regarding Gage's use of Non-IFRS financial measures and other reconciliations.

Notes:

- (1) These preliminary and unaudited financial results are subject to customary financial statement procedures by the Company. Actual results could be affected by subsequent events or determinations. While the Company believes there is a reasonable basis for these preliminary financial results, the results involve known and unknown risks and uncertainties that may cause actual results to differ materially. These preliminary fiscal results represent forward-looking information. See "Cautionary Note Regarding Forward-Looking Information and Statements" and "Financial Outlook".

About Gage Growth Corp.

Gage Growth Corp. is innovating and curating the highest quality cannabis experiences possible for cannabis consumers in the state of Michigan and bringing internationally renowned brands to market. Through years of progressive industry experience, the firm's founding partners have successfully built and grown operations with federal and state licenses, including cultivation, processing and retail locations. Gage's portfolio includes city and state approvals for 19 "Class C" cultivation licenses, three processing licenses and 12 provisioning centers (dispensaries).

For more information about Gage Growth Corp., visit www.gagecannabis.com

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Sources: Gage Growth Corp., Detroit Metro Times, Marijuana Regulatory Agency.

Explanatory Note Regarding the Company's Operations

References in this news release to the Company and its operations and assets are inclusive of the operations and assets of certain licensed cannabis operators that operate under the Gage brand pursuant to contractual arrangements with the Company. For additional information, please refer to the Company's long form prospectus dated March 26, 2021 and other disclosure documents available on the Company's profile at www.sedar.com.

Non-IFRS Financial Measures

The Company has provided certain non-IFRS financial measures including "Gross Margin" and "Flower Gross Margin". These non-IFRS financial measures do not have a standardized definition under IFRS, nor are they calculated or presented in accordance with IFRS and may not be comparable to similar measures presented by other companies. The Company defines "Gross Margin" as Gross Profit divided by Revenue. The Company defines "Flower Gross Margin" as Gross Profit divided by Revenue for all products distributed by the Company in the Flower category.

The Company has provided these non-IFRS financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. The Company believes that these supplemental non-IFRS financial measures provide a valuable additional measure to use when analyzing the operating performance of the business. As other companies may calculate these non-IFRS measures differently than the Company, these metrics may not be comparable to similarly titled measures reported by other companies. These supplemental non-IFRS financial measures should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the IFRS financial measures presented herein.

Caution Regarding Cannabis Operations in the United States

Investors should note that there are significant legal restrictions and regulations that govern the cannabis industry in the United States. While legal in certain states, cannabis remains a Schedule I drug under the U.S. Controlled Substances Act, making it illegal under federal law in the United States to, among other things, cultivate, distribute or possess cannabis. Financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the United States may form the basis for prosecution under applicable U.S. federal money laundering legislation. Investors should carefully read the risk factors and disclosures contained in the Company's long form prospectus

dated March 26, 2021 and other disclosure documents available on the Company's profile at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information and Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only Gage's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of Gage's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information and forward-looking statements contained herein may include, but are not limited to, statements about the anticipated expansion of the Company's operations in Michigan, projected financial results during the first two quarters of 2021, potential acquisitions and the Company's prospects and the cannabis market generally in the state of Michigan.

By identifying such information and statements in this manner, Gage is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results to be materially different from those expressed or implied by such information and statements. In addition, in connection with the forward-looking information and forward-looking statements contained in this press release, Gage has made certain assumptions. Although Gage believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. Among others, the key factors that could cause actual results to differ materially from those projected in the forward-looking information and statements are the following: unexpected costs or delays in the completion of the Company's proposed dispensaries and other operations; negative results experienced by the Company as a result of general economic conditions or the ongoing COVID-19 pandemic; delays in the ability of the Company to obtain certain regulatory approvals; unforeseen delays or costs in the completion of the Company's construction projects; adverse changes to demand for cannabis products; ongoing projects by competitors that may impact the relative size of the Company's operations; adverse changes in applicable laws; adverse changes in the application or enforcement of current laws, including those related to taxation; increasing costs of compliance with extensive government regulation; changes in general economic, business and political conditions, including changes in the financial markets; and the other risks disclosed in the Company's long form prospectus dated March 26, 2021 and other disclosure documents available on the Company's profile at www.sedar.com.

The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and Gage does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws.

Financial Outlook

This news release contains a financial outlook within the meaning of applicable Canadian securities laws. The financial outlook has been prepared by management of the Company to provide an outlook for the first two quarters of 2021 and may not be appropriate for any other purpose. The financial outlook has been prepared based on a number of assumptions including the assumptions discussed in this press release and assumptions with respect to market conditions, pricing, and demand. The actual results of the Company's operations for any period will likely vary from the amounts set forth in these projections and such variations may be material. The Company and its management believe that the financial outlook has been prepared on a reasonable basis. However, because this information is highly subjective and subject to numerous risks, including the risks discussed under the heading "Cautionary Note Regarding Forward-Looking Information and Statements", it should not be relied on as necessarily indicative of future results.

Third Party Information

This press release includes market and industry data that has been obtained from third party sources, including industry publications. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third party sources referred to in this press release or ascertained the underlying economic assumptions relied upon by such sources.

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