

## SPEAKEASY CANNABIS CLUB LTD.

THIS NEWS RELEASE IS NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES FOR DISSEMINATION IN THE UNITED STATES

For Immediate Release

July 2, 2021

### SPEAKEASY REPORTS EARNINGS FOR ITS SECOND QUARTER OF SALES AND RELEASES THIRD QUARTER FINANCIAL RESULTS

**Rock Creek, B.C. – SpeakEasy Cannabis Club Ltd. (CSE: EASY) (Frankfurt: 39H)** (the “Company” or “SpeakEasy”) a holder of a federal licence to cultivate, process and sell cannabis under the Cannabis Act is pleased to announce that it has reported initial sales and net earnings from the sales of its indoor grow operations. The information in this release should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and associated management discussion and analysis (“MD&A”), which are filed and available on the Company’s website at [www.speakeasygrowers.com](http://www.speakeasygrowers.com) and under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

*“We are pleased to report our earnings for Q3 2021, marking this the second quarter of reported revenues. Although we are still ramping up our sales profile, we still maintained a positive gross margin. The positive operating results were offset by a loss on the fair value adjustment to biological assets, a non-cash item. It is common to experience such adjustments during a time when the Company is transitioning to full production and processing”,* stated Malcolm Davidson, CEO.

*“Looking ahead to Q4, we are already in the process of increasing our processing and production profile, enabling us to keep up with the overwhelming demand for our products. With the new processing equipment, which we expect to be fully commissioned in early July, we expect to be able to quadruple our capacity to process extracts. Our remaining inventory on hand from the 2020 harvest is perfect material for processing into extracts and combined with our increase in capacity, we expect to be able to process our remaining inventory on hand just in time for the 2021 harvest. Further, we are well on our way with our preparations for the 2021 outdoor grow operation. We expect our 2021 harvest yield to double the 72,000 kgs that were harvested in 2020. I would like to take the opportunity to personally thank our team for their persistent hard work and dedication to SpeakEasy to make our operations a success.”*

#### **Financial Highlights for the nine months ended April 30, 2021**

- Revenue from the sale of flower, extracts, and services \$1.65M, 100% increase over the comparable period
- Gross profit before fair value adjustments \$1,008,604
- Operating expenses \$5,808,018
- Total of 383,593 grams sold
- Loss per share of \$0.02
- Cannabis inventory of \$11,352,687
- Working capital of \$11,246,092
- Total assets of \$36,394,764
- Total liabilities of \$9,432,914
- Invested over \$2.5M in growing facilities and equipment.

#### **Outlook**

- Product and sales have reached the projected maximum production of indoor flower, extracts and pre-

rolled joints and is fully sold out for the foreseeable future.

- Pre-roll production continues to ramp up to fulfill supply orders.
- The outdoor harvest of 72,000 kg is being processed daily with phase one equipment, approximately 30% has now been extracted and is in various stages of preparation for product creation and sale.
- New extraction equipment recently purchased by our partner, RC Frontier Labs Ltd., is scheduled to be fully operational in early July, increasing potential production capacity for extracts by up to 400%. The Company anticipates that it will have processed the entire 2020 crop by the end of this calendar year.
- Relying on the new extraction equipment capabilities, our anticipated 2021 crop size and current and future sales projections, SpeakEasy expects to be able to process and sell its 2021 crop by November 2022.
- Once the new extraction equipment is in place, the Company has the input material and processing capabilities to produce over 3,000,000 grams of refined concentrate products over the next 12 months.
- Currently, the extracts represent the highest margins in our product line.
- Buildings that have been under construction over the last 3 years are nearing completion and, once completed, will represent over 62,000 square feet of additional licenced production and processing area.
- Indoor flower production is expected to increase to approximately 365 kg per month by October 2021 and to over 650 kg by December 2021.
- The Company is focused on developing and releasing consumer facing brands in 2021, which is anticipated to contribute significantly to the Company's 2022 revenues.

#### **About SpeakEasy Cannabis Club Ltd.**

SpeakEasy Cannabis Club Ltd. holds a cultivation, processing and sales licence issued by Health Canada under the *Cannabis Act*. [SpeakEasy](#) owns 290 acres of land in Rock Creek, British Columbia, and leverages five generations of farming experience in B.C. as well as its favorable location to grow and process high-quality cannabis products at low cost. SpeakEasy cultivates small batch, high quality craft cannabis at scale in a portion of its 63,200-square foot indoor cannabis complex and has completed its harvest of its 60-acre outdoor field. Total yearly production of cannabis flower and biomass is projected to be in excess of 140,000 kilograms this year.

#### ***On behalf of the Board of the Directors***

For more information please contact:

Malcolm Davidson  
CEO  
investor@speakeasygrowers.com  
1-604-218-9797

#### **Forward Looking Statement**

This new release contains statements that constitute "forward-looking statements." Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause SpeakEasy's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur.

Forward-looking statements in this document include statements concerning SpeakEasy's expectations concerning the new equipment, orders and the anticipated timing of receipt of such equipment and the impact such equipment will have on production capacity; its expectation that pre-roll production will commence to fulfill supply orders; its anticipated increase in licenced production and processing area, its expectation that its consumer facing brands will have on financial results; its expectations regarding its ability to be a strong competitor and its intent to produce and sell high quality craft cannabis, and all other statements that are not statements of historical fact.

Although SpeakEasy believes the forward-looking information contained in this news release is reasonable based on information available on the date hereof, by their nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements.

Examples of such assumptions, risks and uncertainties include, without limitation, assumptions, risks and uncertainties associated with general economic conditions; COVID-19, adverse industry events; future legislative and regulatory developments involving cannabis; the Company's ability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favorable terms; the cannabis and hemp industries and markets in Canada and generally; the demand for CBD distillate, cannabis and cannabis related products, the ability of SpeakEasy to implement its business strategies; competition; the ability of SpeakEasy to obtain and retain all applicable licences under the Cannabis Act and other assumptions, risks and uncertainties.

**THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS NEWS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.**

*The Canadian Securities Exchange nor its Regulation Services accepts responsibility for the adequacy or accuracy of this release.*