

Grown Rogue International Inc.

Full Year 2025 Results and Outlook

Event Date/Time: April 7, 2026 — 5:00 p.m. E.T.

Length: 29 minutes

"While Cision has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. Cision will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Cision ait fait des efforts commercialement raisonnables afin de produire cette transcription, la société ne peut affirmer ou garantir qu'elle ne contient aucune erreur. Cision ne peut être tenue responsable pour toute perte de profits ou autres dommages ou responsabilité causé par ou découlant directement, indirectement, accessoirement ou spécialement de toute erreur liée à l'utilisation de ce texte ou à toute erreur qu'il contiendrait. »

CORPORATE PARTICIPANTS

Obie Strickler

Grown Rogue International Inc. — Chief Executive Officer

Josh Rosen

Grown Rogue International Inc. — Chief Strategy Officer

Andrew Marchington

Grown Rogue International Inc. — Chief Financial Officer

PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to the Grown Rogue International Inc. Full Year 2025 Results and Outlook.

As a reminder, during the course of this conference call, Grown Rogue's management may make forward-looking statements based on current expectations, estimates, and assumptions. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied.

These risks are described in the Risk Factors section of the Company's filings and other public disclosures material. Any forward-looking statements made on this call speak only as of today, and Grown Rogue undertakes no obligation to update or revise them in the future, except as required by law.

During today's call, we will also refer to certain non-GAAP financial measures, including EBITDA and adjusted EBITDA. These measures do not have standardized meanings under GAAP and may not be comparable to similarly entitled measures used by other companies. Grown Rogue believes these measures provide useful supplemental information to investors, but they should not be considered a substitute for GAAP results.

A reconciliation to the most direct comparable GAAP measures is included in the press release issued earlier today.

With that, I will turn the call over to Obie Strickler, Chief Executive Officer of Grown Rogue.

Obie, please go ahead.

Obie Strickler — Chief Executive Officer, Grown Rogue International Inc.

All right. Thanks. And thanks, everyone, for joining us. Sorry for the head fake last week, but that IFRS-to-GAAP conversion proved to be a little more tricky than expected, but excited to have it done now and get that behind us.

Wanted to start today's call on one of the critical items that we have discussed in the past, on bandwidth and the ability of our team to handle the growth, knowing talent was potentially a limiting factor to our expansion. We got a lot of questions over that. We've talked about it.

And building our team out over the last couple years has been a focused priority of the organization, not only through our internal growth and how we're building up people inside the organization, but also how we're attracting external talent who want to join our mission and kind of our platform.

Sarah, my wife, says it best when she says we aren't just growing plants, we're growing leaders. And when we started Grown Rogue, it really never occurred to us that one of the most exciting and rewarding portions of this business for us was going to be watching our early top performers just crush it and grow into these advanced leadership roles within the organization, where early people in our company are now running sales, cultivation, and production across our states.

And we're starting to see kind of the next generation of management to have come up through our system. It's obviously very exciting for the Company and how we're able to put people in positions in these states to be successful.

But it's also really good for our culture and the rest of the team, where everyone sees this opportunity for growth. It's something we've talked about. We think it's really quite special with regard to what that does for Grown Rogue and something I strongly believe will continue to separate us going forward.

So as you couple this reputation we are building as a disciplined, focused operator with great culture, it's really starting to attract some outside talent, which we were—I wouldn't say was kind of as available in previous years, because they see a system that they want to be a part of. And I want to take this moment to highlight kind of three recent hires we've made in key areas of our business over the last, call it, 8 to 12 months.

The first one is on the construction side. Obviously, with the growth not only in Phase II in New Jersey, but the Minnesota project, the new project in Dwight, someone that could be the centralized leader for our construction was going to be super critical. And so we brought on Mark Doherty kind of early summer last year, really to manage the construction, the facilities since, previously, we've been doing this by committee.

Effectively, I was kind of the lead of that. We had our team focused on it, but there wasn't like a centralized kind of leader inside of that critical area of our business.

And Mark has just been a complete game changer for us, not only with his technical knowledge and organization, but he's got like a long history in horticulture and just a real passion for quality products, so really kind of meets our culture and kind of where our business sits and what we prioritize. And that really gets into his kind of design and construction criteria to kind of fit the Grown Rogue model.

It's just been a huge effort he's taken off my plate, again, to manage the different phases of growth that we're embarking on this year and, yeah, don't know where we'd be without him at this point. But yeah, just kudos to Mark for what he's done and continues to do for the organization.

The second side of that was—and you've heard me talk about the last couple calls—brand and marketing. We've started Grown Rogue, really, as a product-forward, sales-centric organization; Oregon and Michigan, big bulk markets, not as much packaged flower.

And we've realized, obviously, that as we move into Jersey and Illinois, into Minnesota, this focus on brand and the investment into the brands and the marketing kind of apparatus to support our high-quality, low-cost foundation's going to be critical. So similar to Mark, we engaged with a woman, Laura Stensgaard (phon), similar time last summer, as our fractional chief marketing officer, kind of, again, to help us get situated, take the committee out of it, put a single source of responsibility inside of this kind of department in the organization.

And she started off kind of part time, fractional, maybe 20 hours a week, that kind of thing, just to see right fit, fit the culture good. And she turned out to be fantastic and ended up joining us full time in March. She's just a very much a results-oriented leader that brings the marketing and branding strategy lens that we need, while fitting right in with that sales-driven culture that we've talked about and kind of where the foundation of Grown Rogue sits.

Last person on that list—and this is the most recent one—I think he started in February of this year. And this is Josh Crane (phon), who is really focused on our New Jersey business. We brought him on just he was a general manager at what was the and kind of built the most successful independent business in Jersey. So he's kind of looking at all things, right: culture, team, production, brand and marketing, sales apparatus, relationships.

And Josh just brings a tremendous amount of expertise, deep-seated relationships in the New Jersey market. And then he comes from California, where he had a long history in cannabis kind of out on the West Coast. So just another kind of key component to kind of our cultural influence as we continue to build the organization.

Next, I'll kind of talk about 2025 a little bit, almost like 2025 in review. Like 2025 was about growth, scale, and Eastern markets. And we learned very quickly, high price doesn't always mean

undersupplied; more packaging, different kind of design inside of these markets in terms of how the sales process works, what the consumers are looking for.

So it was really interesting for us to kind of embark upon that and our launch in New Jersey and get us prepared for, again, soon to be Illinois, Minnesota coming. But it was really an exciting time to just think about scale, growth, how these more packaged markets work, and very excited about the progress we made there.

New Jersey was able to ramp up, albeit slower than we kind of anticipated, going back to some of the dynamics inside of that sales market. But it was really exciting to watch us get to full sell-through of Phase I, kind of coming out of the summer into the fall and, most importantly, at a very high package rate. Right? I think our package rates in Q4 were 95 percent of our total sales at full sell-through of Phase I, so really kind of meeting that brand apparatus and how we're putting that together.

One of the things we learned early on in Jersey was the importance of having multiple brands. There's different tiers. There's different price points customers are looking for, and we should have launched Yeti from day one.

Yeti is our kind of value brand. That's the same great product that you can expect from Grown Rogue, but at a better price point, maybe a little bit lower potency, maybe a strain that we're not quite as happy with, but still an amazing product for the customer. And it's just been nice to see that sell through and that adoption on that brand since we officially launched it, I think in June or July of last year, so just some good learnings and then reinforcing just the brand power and the strategy around that.

We've begun construction on Phase II in New Jersey, sticking with that state. Our fifth flower room is already planted, and we expect our first harvest out of that room sometime in May. We plan to bring the rest of the facility to get the full construction of Phase II completed in Jersey during this year.

And as we've talked about publicly since we built Phase I, we're going to do that incrementally. Right? We'll probably turn another flower room every one to three months to kind of balance additional capacity versus our sell-through, and so excited to get that thing fully built, get the economies of scale, see our cost of production go down, which I'm pretty happy with right now on kind of a cost-of-pound basis.

But as we put more production against some of our fixed costs, we expect to drive that down even more as we come out of '26 into '27. Everyone knows, not a surprise, it's painful when you're there. And I've gone through several of these cycles now in Oregon specifically, but Oregon and Michigan, very challenging year. That cyclical pricing pressure that you'll see in markets like this is just it's painful, especially when you're in the middle of it. But again, having gone through this, like it wasn't like uncomfortable, disappointing and frustrating, all those things, but it wasn't unknown.

And it's during these times, like this is when the resilience grows. I mean, this is why Grown Rogue has built this foundation of strength, low cost, high quality, super resilient, strong team, good culture. And it's times like this where you really understand like who's in the foxhole with you. Right? Who do you want on your side? Like who's going to battle with you every day?

And it's during these times we have our biggest improvements, the focus and the intensity tune up, and those things we keep, as we start to dial in little things, make different planning decisions, tighten up the way our apparatus works, and just make our business even that much stronger and more resilient.

That being said, we are—and it's difficult to predict. Right? We're always trying to look at cycles and kind of the timeline of the curve. Is it a month? Is it a year? Is it two years? It does seem like we're starting to see a little bit of stabilization and recovery in those markets, in particular more in Oregon. I mean, we did mention in the press release we expect to see double-digits revenue growth in Q1 '26 versus

Q1 '25. So we're seeing some of the benefits of Jersey, but we're also seeing some improvements in Oregon.

And what we see, most interestingly—and this usually is a signal for kind of return of pricing—is your demand starts to go up. You see more interest. You see more buying. You see more buyers coming through. You see bigger demand at the dispensary. And so, hopefully, that's a signal of price recovery. It's gotten pretty rough through Oregon over the last 12 months or so, especially as we look at the trends. But again, these things are cyclical. They go up, they go down. The key is to kind of grind through the low points and take advantage of when the pricing comes back.

We also secured our next growth stage. Minnesota, as everyone knows, is kind of the core focus of the organization over '26. Building's secured; construction has started. We're estimating a completion date of construction sometime in Q3 of this year. And again, going back to Mark, he's leading that charge and making sure we hit that schedule and budget.

And then from kind of construction completed, plants go in the ground, it's a three-to four-month process. So I'm targeting internally and pushing the team super hard for a Q4 kind of delivery date. Obviously, Q1 could happen. Q1 is potentially the conservative side of that, but we're pushing as hard as we can to get product into that market as soon as possible.

Anyone who's watching Minnesota know there's really no independents. Very few businesses have turned on. And so the opportunity to go into Minnesota—which should be a monster market, early, with some level of scale, we're targeting 8,000 to 8,500 square feet of flowering canopy in Phase I—it's pretty exciting, and so really excited to get that market through and kind of get operational out there.

'25 was another year, I mean, kind of a growth component for the Company, where we were able to secure our first term debt with amazing banking partners at industry-leading rates. And we have,

what, a \$12 million total facility. It's a sub-8 percent interest rate that's really allowing us to manage our expansion into Minnesota, the completion of Phase II in Jersey, and so can't thank the bank enough and think it shows kind of the support of our credits and what we're doing in the industry that's a little unique compared to others, and so pretty excited about that.

While subsequent to year-end we did have this entry into Illinois through the Dwight facility. Josh will get a little bit more into his kind of focus and on M&A and kind of distress. But I just want to reiterate entering this market at a fraction of the price of a conventional build in terms of the capital outlay. And then, because it's already constructed, allows us to go much faster in terms of activation and getting plants in the building, getting our first crop, getting first sales.

So the team is in the thick of kind of planning and preparation as we get through the regulatory stuff to get approval to move plants in, but excited to get this market kind of activated and just start bringing great product that Grown Rogue is known for to the great people of Illinois.

A little bit on the future before I'll turn this over to Josh, as he talks about kind of growth framework and some of the guidance that we're going to start putting out. Couple things I really want to highlight that I think is important.

Current production capacity for Grown Rogue in the three states that we operate—Oregon, Michigan, and New Jersey, and this is flowering canopy—is 37,000 square feet, give or take. In '26, between our Phase II expansion with New Jersey, the new asset in Illinois, and the Phase I in Minnesota, we'll probably add 21,000 square feet this year of flowering capacity, which is a 50 percent—greater than 50 percent improvement.

At full capacity, kind of nameplate in these states, which most of it would be sitting in Minnesota, with a little more to add inside of Dwight, which is the Illinois facility, it would take us to almost 90,000

square feet which is, give or take, 140 percent, 150 percent improvement over what Grown Rogue is currently operating, which is pretty exciting to think that we've got so much growth kind of in things we control, things that we're building, not to mention the other things we continue to look at and kind of assess.

We continue to drive quality and yield in our business with modest infrastructure and technology improvements. I think you'll see a lot of this as you start to watch the trends in Michigan. We looked at prioritizing this kind of technology and yield improvement solution, that's very low cost, in Michigan first. A) we think Michigan's a bigger market than Oregon. We thought it could handle additional capacity much faster, but you'll see it yield. I think, in Q4, we averaged over 80 grams a square foot in Michigan.

As we're starting to look at numbers in Q1, as all these rooms get outfitted and the team really dials in this new kind of growing apparatus, I would not be surprised to start seeing this push 85 and 90 grams a square foot, on average, which, as you make those improvement, and we're starting to do these in Oregon. So we'll start implementing some of this in Oregon, again, to drive yield while maintaining our quality, which is just going to have an outsized influence on our cost of production, same fixed cost, bigger number denominator. We expect to see our cost of production continue to go down.

I do want to take a little time to remind everyone, several years ago, as we laid out kind of our expansion goals, we talked about getting into one to two markets per year; no doubt, very lofty goal. And this is hard, humbling work that we go through every day, but I honestly couldn't be feeling better about our progress against those goals and how that future is lining up. I mean, you can think about where we were in '23, '24, two states, trying to get into Jersey. As we leave '26, we'll be operational in five states.

It's just a completely different business. And growth is not a straight line. It's bumpy. It's messy. There's ups, there's downs. As much as we want it to just be a straight line up and to the right, it's hard

what we do every day, battling our markets, dealing with all the regulatory influence and outside kind of components, like it's just bumpy.

The benefit we see is we have a very strong team who's committed to this growth and this platform and bringing our products across into these new markets. And for the most part, we've got a very kind of long-term-oriented shareholder base that shares that vision.

And while nobody's immune, myself included, seeing a stock price that's been under the pressure for the last year, our focus is and continues to be on building value over the long term and not managing these short-term fluctuations. And so I know it's a little painful these days, but couldn't be more excited about where Grown Rogue sits today and then the future of what's coming.

And so, yeah, thanks for listening, and I will pass it off to Josh, talk about the guidance and growth framework.

Josh Rosen — Chief Strategy Officer, Grown Rogue International Inc.

All right. Thanks, Obie. First, I thought I'd give a little bit more background to our recent announcement in Illinois that Obie was referencing. I thought it might give a little perspective on our inner workings. As Obie referenced, we've been evaluating a number of distressed opportunities, and we do continue to do so. In my various roles in the industry, I've worked with a number of the larger lenders in the space, as well as the larger landlords, including, as is the case with Dwight, innovative industrial properties.

This Dwight property of theirs was not high on our list to start in terms of kind of the distressed portfolios we were looking at. I had toured it years ago, was not a big fan of the greenhouse at the time, and that was before PharmaCann had added the indoor capacity that they built. So we had been discussing

a number of other properties with IIP, and when PharmaCann announced they were closing the Dwight facility, we had a very quick, efficient exploratory discussion with them.

First, we explored whether we could get the facility to be turned over and with continuity, kind of an overarching preference if we can make that happen. But it was really clear, pretty quickly, that, that was going to be too complex a transaction with PharmaCann to put together on the timeline that was needed. So we pivoted to discussing how efficiently new operations could be established in that facility.

That included spending some time on the regulatory side, thinking through the Illinois Department of Agriculture's response—that, being the state regulator in play here—and the conversation with IIP about the fact that applying a craft grow licence against this facility meant that you'd largely ignore the greenhouse from a capacity standpoint, and that meant largely ignoring the greenhouse from a value and rent standpoint as well.

We also determined, with regulatory counsel, that matching this facility with a social equity licence holder would likely facilitate the fastest movement to getting plants back in the building. So really pleased at the end of the day with what we were able to accomplish in a tight timeline in terms of putting that together.

At this point, I can report that we found the regulator to be very supportive of our group's efforts to move efficiently. And I'll say, similar to Minnesota, if the stars align from a process standpoint, we hope to beat our anticipated timeline. In this case, we've talked about a fourth quarter timeline. It's possible we could be a little bit before then, but I'm the conservative one that Obie references. Yeah.

On the timeline standpoint, I think we articulated it into part of the guidance that I'll get to, that we will get Illinois turned on in the fourth quarter, Minnesota turned on in the first quarter from a revenue standpoint, contribution standpoint.

Next, I want to comment on the evolution of our KPIs, and it's something near and dear to me and my history as an equity analyst. Our goal is to help investors better understand the key drivers of our business. There's a lot of complexity behind the scenes with a large number of the—with our large number of SKUs and a very different supply chain in each market that we operate in. So it's not always an easy task to distill down to a few numbers that are comparable across markets.

As New Jersey and future states that should have a much higher portion of sales coming from packaged products become a more meaningful part of our business, we want the comparison between our cultivation costs across markets to be as close to apples to apples as possible. So we made the decision to no longer include the packaging and sales costs in the externally shared KPI. We also saw an opportunity to provide what we think should be a higher fidelity way to share pricing trends and our business mix with respect to how we think about the business.

Ultimately, we want to be held accountable to being low cost and delivering quality, with that quality and value playbook translating to the full sell-through of our products at profitable price points. Tying our KPIs directly to our financials, quarter to quarter, is likely to prove challenging but, over longer durations, they should map well.

This can likely go without saying, but we expect overall market pricing to remain volatile, which we think serves us well, as we believe we're the lowest-cost producer of indoor commercial craft cannabis.

One other highlight that's just worth referencing with respect to how we're articulating the combination of KPIs and low cost. We referenced, I believe in the press release, having overall costs—and this is overall biomass costs, so not just flower costs—being below \$225 a pound in our mature facilities, Oregon, Michigan.

So I just wanted to provide that contrast that that number is the number that includes all biomass, trim included, just so folks understood that number versus what is reported in the KPIs.

And then last, with respect to our decision to provide guidance and long-term growth objectives, we believe we have a strong growth platform based upon our view of the industry opportunities and our team's capabilities. Many industry participants have not delivered on their growth commitments, and that does make us cautious.

We don't take this process lightly, nor do we expect investors to give us credit for execution until we start delivering against it. Similar to our KPIs, we hold ourselves accountable to performance standards, and we think investors should do the same. We also don't have analyst coverage, so we're opting to transparently share what we're working hard to execute against with a clear roadmap for investors.

As should be evidenced by the longer-term growth objectives, namely 25 percent compound revenue growth and 35 percent compound profit growth, we see the opportunity for us to be a much larger, profitable company in our future, and that's what we're building for. As Obie referenced, this industry's not easy, and we believe we're up to the challenge.

With that, I'll turn it over to Andrew for a few comments.

Andrew Marchington — Chief Financial Officer, Grown Rogue International Inc.

Yeah. Thanks, Josh. Okay. Well, 2025 was our first year here, at least the first full year reported under US GAAP. So as noted, we undertook an IFRS-to-US GAAP conversion process. This is a pretty in-depth exercise that really reopens up 2024, the prior year, as well as, at times, activity that occurred before that date in terms of conforming to the new standards, so it was an in-depth process.

And the primary places where this impacted things that were challenging to work with was lease accounting, taxes, specifically the uncertain tax position calculation, and financial instruments as well. So

our team executed pretty well. Unfortunately, we had a delay, but we're very happy with the results, at least at this point in time.

One important note, we previously published the 2025 IFRS quarters. These will be refiled within 45 days under US GAAP in comparative format on SEDAR, in accordance with regulations. So that will be—it'll be filed around the same time as our first quarter.

And so in a little bit more depth in terms of the changes, 280E was a bit of an issue for this GAAP conversion. The standards under US GAAP are simply stricter, more rule based and less interpretive than IFRS, as it pertains to calculating an uncertain tax position.

We, like many of our peers in the space, take the position that 280E doesn't apply to us, so we file our tax returns accordingly. This does result in a disclosure for an uncertain tax position. And in the past, we've taken a different approach to calculating that that was acceptable under IFRS, and it no longer was acceptable under US GAAP. This created a bit of rework late in the process and has resulted in a larger uncertain tax position balance on the balance sheet.

We also had a bit of a bad-debt adjustment related to conforming to the new US GAAP standard, which resulted in an approximately \$300,000 year-end increase in bad debt expense. So that has a drag impact on our G&A expense.

And then in terms of the reporting schedule, our Q1 2026 will be due mid May, so we plan on hitting that deadline. And then, the restated US GAAP quarters, as I noted earlier, will be filed on or before that date as well.

So with that, I'll pass it back to Obie.

Obie Strickler

Great. Thanks, guys. I think we can open it up to questions now.

Q&A

Operator

Ladies and gentlemen, we will now begin the question-and-answer session. If you wish to ask a question, please press *, 1 on your touch-tone phone. You will hear a prompt that your hand has been raised. And should you wish to decline from the polling process, please press *, followed by the 2.

Again, if you would like to ask a question, just press *, followed by 1 on your touch-tone phone.

We have no questions at this time. Please continue.

Obie Strickler

You said no questions?

Operator

We have no questions.

Obie Strickler

Okay. Great. Yeah. Just in summary, thanks, everyone, for joining. Looking forward to '26 and, yeah, not repeating the IFRS-to-GAAP transition again. I know the accounting and finance team will be happy with that.

But, yeah, looking forward to an exciting '26 and appreciate everyone joining and listen to the Grown Rogue story.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.