

# Second Quarter Fiscal Year 2022



TSX: FAF | OTCQX: FFLWF



## Quarterly Earnings Presentation

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**Investor Relations Contact**  
[investorrelations@fireandflower.com](mailto:investorrelations@fireandflower.com)  
1-833-680-4948

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This presentation refers to "Adjusted EBITDA" which is a Non-IFRS metric used by management and does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management defines the Adjusted EBITDA as the Income (loss) for the period, as reported, before accretion and interest, tax, and adjusted for removing the share-based compensation expense, depreciation and amortization, gains and losses related to derivative liability revaluations and debt extinguishments, professional fees associated with financing and acquisition and business development activities, impairment charges, and restructuring costs that would have been excluded from profit and loss due to the application of IFRS 16 accounting standards. Management believes "Adjusted EBITDA" is a useful financial metric to assess its operating performance on a cash basis and before the impact of non-cash items. As other companies may calculate this non-IFRS measure differently than the Company, these metrics may not be comparable to similarly titled measures reported by other companies. We caution readers that Adjusted EBITDA should not be substituted for determining net loss as an indicator of operating results, or as a substitute for cash flows from operating activities. Adjusted EBITDA has been calculated differently than in periods prior to Q1 2022, where the Company previously included lease liability cash payments as disclosed in accordance with IFRS 16 "Leases" accounting standards. The updated measure reflects the Company's new approach to analyzing the consolidated operating performance across the business lines. The Company believes the updated definition is a more useful measure to assess performance as it provides meaningful operating results and facilitates period-to-period operating comparisons. A reconciliation of net income (loss) to Adjusted EBITDA is included in the Q1 MD&A.



# Second Quarter Fiscal 2022 and Recent Highlights

- 1 Launch of new Spark Member Pricing that has increased traffic to stores
- 2 Average annualized sales per store improvement of 18% to the prior quarter
- 3 Consolidated revenue of \$40.7 million for the quarter
- 4 Retail revenues increased 3% to the prior quarter and decreased 5% year-over-year
- 5 Reduction in store count to 92 stores to focus on profitable stores in network
- 6 Retail metrics continue to improve month over month





# Second Quarter 2022 & Recent Highlights

- 1 Strengthened balance sheet with disciplined approach and prioritized capital investments to maximize return on investment
- 2 Get To Green Program to drive top line revenue and cost reductions while supporting growth objectives
- 3 High grading retail network and 10 Circle K co-located stores anticipated in the next 12 months
- 4 Expanded digital product offerings with Product Distribution and Consumer Insights data modules





# Organization & Leadership Changes

**Changes to Leadership team have already started to demonstrate results.**

- Bringing more operational focus to retail
- Empowering our employees to act as owners
- Aligning our commercial functions under one roof
- Acting as One Team to create sustainable value for customers and shareholders

# Second Quarter 2022 Consolidated Financial Results



## Thirteen weeks ended

(In thousands of Canadian dollars, except per share amounts)

July 30, 2022

July 31, 2021

**Total Revenue**

40,742

43,306

**Gross Profit**

9,699

16,173

**Gross Profit Percentage**

23.8%

37.3%

**Adjusted EBITDA**

(6,037)

3,146

**Net Loss**

(21,557)

19,450

**Basic-Diluted loss per share**

(\$0.48)

\$0.58



## Q2 2022 Segment Revenue

(In thousands of Canadian dollars unaudited)	Thirteen Weeks Ended	
	July 30, 2022	July 31, 2021
<b>Revenue</b>		
<b>Retail</b>	30,357	31,842
<b>Wholesale and Logistics</b>	8,464	7,797
<b>Digital Platform</b>	1,921	3,667
<b>Total Revenue</b>	<b>40,742</b>	<b>43,306</b>

## Q2 2022 Segment Adjusted EBITDA

(In thousands of Canadian dollars unaudited)	Thirteen Weeks Ended	
	July 30, 2022	July 31, 2021
<b>Adjusted EBITDA</b>		
<b>Retail</b>	(4,543)	(741)
<b>Wholesale and Logistics</b>	(405)	1,323
<b>Digital Platform</b>	644	3,308
<b>Corporate</b>	(1,733)	(744)
<b>Total Adjusted EBITDA</b>	<b>(6,037)</b>	<b>3,146</b>



## Our Vision

Expand global access to legal cannabis for customers by advancing our tech-forward platform and partnerships.



# Thank You

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