



V A L E N S

For Immediate Release

April 24, 2019

VALENS REPORTS RECORD \$2.2 MILLION IN REVENUE IN THE FIRST QUARTER OF FISCAL 2019

Kelowna, B.C., April 24, 2019 – Valens GroWorks Corp. (CSE: VGW) (OTC: VGWCF) (the “Company” or “Valens”), a multi-licensed, vertically integrated provider of cannabis products and services focused on various proprietary extraction methodologies, distillation, cannabinoid isolation and purification, as well as associated quality testing is pleased to report its financial results for the first quarter of fiscal 2019.

Key Financial Highlights of The First Quarter of Fiscal 2019

- Revenue increased to \$2,220,200 for the first quarter of 2019 compared with \$nil in the same period in fiscal 2018.
- Gross profit increased to \$850,525, or 38.3% of revenue, for the first quarter of 2019 compared with \$nil in the same period in fiscal 2018.
- Strong balance sheet with \$20,552,286 in cash and short-term investments and a net working capital position of \$26,391,610 as at February 28, 2019.
- Subsequent to quarter end, \$43,125,000 gross proceeds raised through bought deal financing providing strong cash position to be able to execute on the Company’s growth plan.

Key Operating Highlights of The First Quarter of Fiscal 2019

- Added four new extraction partnerships in the first quarter of 2019 and an additional two subsequent to the end of the quarter, including The Green Organic Dutchman Holdings Ltd, Tilray Canada Ltd., Organigram Inc, Sundial Growers Inc and Canopy Growth Corporation.
- 1,796,000 grams of dried cannabis and hemp biomass was processed in the first quarter of 2019.
- 4,976,000 grams of dried cannabis and hemp biomass was processed in the first 55 days subsequent to the end of the first quarter, a 177.1% increase over the total biomass processed in the entire first quarter of 2019.
- Increased annual extraction capacity significantly to 240,000 KG of dried cannabis and hemp biomass in the first quarter of 2019 to prepare for increasing customer demand.
- Subsequent to the quarter end, the Company increased its extraction, post processing and white label product development footprint from 25,000 square feet to over 50,000 square feet with the acquisition and expansion of 230 Carion Road and 180 Carion Road in Kelowna, BC.

Tyler Robson, CEO of Valens, said, “The first quarter of 2019 was a key inflection point for Valens as we accelerated our ramp up into commercial production, generating revenues of \$2.2 million compared with \$nil in the same period of fiscal 2018. This initial momentum was driven by contracts signed late in 2018 to provide cannabis extraction services to leading licensed producers, including Canopy Growth and Harvest One. The growth in the size and frequency of shipments from these contracts increased throughout the quarter and into the second quarter of fiscal 2019, while at the same time we also secured a number of new, large scale contracts with other leading licensed producers including with Organigram, Tilray, and The Green Organic Dutchman. We believe our success in securing these large scale contracts with industry leading customers validates our business model and the quality of the service we are able to provide. Further, they necessitated our recent capacity expansion to 240,000 KG of dried cannabis

and hemp annually, which has made us the largest extraction company in Canada, with an unparalleled breadth of service encompassing all the major extraction methodologies, as well as formulation, product development and analytical testing solutions.”

“We continue to execute our strategic business plans to lead the industry in extraction, post processing and white label product development. This plan includes further increases to our extraction capacity at the Kelowna facility and building out the recently acquired adjacent property to add additional capacity. We expect Valens’ position as the world’s leading production partner to the cannabis industry to strengthen, accelerate and grow in both the near and long-term. Our ongoing investments in the business will ensure we have a platform to support this anticipated significant increase in volumes and revenues throughout the remainder of fiscal 2019 and beyond,” concluded Mr. Robson.

Subsequent to February 28, 2019, the Company entered into an agreement to acquire all of the shares of Straight Fire Consulting LLC (“Agreement”), an entity through which a consultant had been providing services to the Company. As consideration, the Company issued 3,800,000 common shares and will transfer 4,000,000 ordinary shares in Rotogro upon receipt of Rotogro ordinary shares by the Company pursuant to the Supra SPA. In addition, the consultant has agreed to terminate the consulting agreement and all further obligations by the Company under the agreement, other than the change of control provisions which provide for an additional 3,000,000 common shares of the Company should a change of control occur within two years of the Agreement.

The management’s discussion and analysis for the period and the accompanying financial statements and notes are available under the Company’s profile on SEDAR at www.sedar.com.

Conference Call Details

The company will host a conference call on Thursday, April 25, 2019 at 11am Eastern Time / 8am Pacific Time to discuss the financial results and business outlook.

Participant Dial-In Numbers:

Toll-Free: 1-877-407-0792

Toll / International: 1-201-689-8263

***Participants should request the Valens GroWorks Earnings Call or provide confirmation code 13690088**

The call will be webcast on the Valens Investor page of the Company website at <https://www.valensgroworks.com/investors> or at [this link](#). Please visit the website at least 15 minutes prior to the call to register, download, and install any necessary audio software. A replay of the call will be available on the Valens Investor page approximately two hours after the conference call has ended.

Tyler Robson, Chief Executive Officer, Chris Buysen, Chief Financial Officer, and Everett Knight, Executive Vice President, Strategy & Investments, will be conducting a question and answer session following the prepared remarks.

About Valens GroWorks

Valens GroWorks Corp. is a research-driven, vertically integrated Canadian cannabis company focused on downstream secondary extraction methodology, distillation and cannabinoid isolation and purification, as well as associated quality testing with three wholly-owned subsidiaries located in and around Kelowna, BC. Subsidiary Valens Agritech (“VAL”) holds a license to cultivate cannabis and produce cannabis oil under the Cannabis Act, as well as a license to conduct analytical testing for the cannabis industry. VAL currently has extraction processing and supply agreements with various leading producers across Canada. Subsidiary Valens Labs is a Health Canada licensed ISO 17025 accredited cannabis testing lab providing sector-leading analytical services and has partnered with Thermo Fisher Scientific to develop a Centre of Excellence in Plant Based Science. Subsidiary Valens Farms is in the process

of becoming a purpose-built facility in compliance with European Union (EU) Good Manufacturing Practices (GMP) standards, ensuring the product from this facility can be exported anywhere in the world where Cannabis is nationally legal for medical or adult usage purposes. For more information, please visit <http://valensgroworks.com>. The Company's investor deck can be found specifically at <http://valensgroworks.com/investors/>

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Notice regarding Forward Looking Statements

This news release contains certain "forward-looking statements" within the meaning of such statements under applicable securities law. Forward-looking statements are frequently characterized by words such as "anticipates", "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed", "positioned" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Corporation is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

The CSE or other regulatory authority has not reviewed, approved or disapproved the contents of this press release. We seek Safe Harbour.