

Table 1. Consolidated Statements of Financial Position**Flora Growth Corp.**

Interim Condensed Consolidated Statements of Financial Position

(Unaudited - Prepared by Management)

(in thousands of United States dollars)

As at:	September 30, 2022	December 31, 2021
ASSETS		
Current		
Cash	\$ 5,900	\$ 37,614
Restricted cash	1	2
Trade and amounts receivable	4,392	5,324
Loans receivable and advances	255	273
Prepaid expenses	1,990	1,700
Biological assets	91	37
Inventory	10,280	2,993
Total current assets	22,909	47,943
Non-current		
Property, plant and equipment	4,349	3,750
Right of use assets	3,258	1,229
Intangible assets	12,652	9,736
Goodwill	28,856	20,054
Investments	839	2,670
Other Assets	271	97
Total assets	\$ 73,134	\$ 85,479
LIABILITIES		
Current		
Trade payables and accrued liabilities	\$ 7,559	\$ 5,628
Current portion of long term debt	5	18
Current portion of lease liability	1,102	412
Other accrued liabilities	18	61
Total current liabilities	8,684	6,119
Non-current		
Non-current debt	79	-
Non-current lease liability	2,137	908
Deferred tax	1,531	1,511
Other long term liabilities	6,537	-
Total liabilities	18,968	8,538
SHAREHOLDERS' EQUITY		
Share capital	120,160	102,428
Options	6,242	3,712
Warrants	9,276	10,670
Accumulated other comprehensive loss	(2,723)	(1,108)
Deficit	(78,457)	(38,536)
Non-controlling interest	(332)	(225)
Total shareholders' equity	54,166	76,941
Total liabilities and shareholders' equity	\$ 73,134	\$ 85,479

Table 2. Consolidated Statements of Loss**Flora Growth Corp.**

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Prepared by Management)

(in thousands of United States dollars, except per share amounts which are in thousands of shares)

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Revenue	\$ 10,765	\$ 2,093	\$ 25,682	\$ 4,211
Cost of sales	5,936	1,474	14,351	2,580
Gross profit before fair value adjustments	4,829	619	11,331	1,631
Unrealized gain on changes in fair value of biological assets	152	-	198	-
Realized fair value amounts included in inventory sold	(10)	-	(12)	-
Gross Profit	4,971	619	11,517	1,631
Operating Expenses				
Consulting and management fees	3,237	1,905	8,480	4,167
Professional fees	802	904	2,898	1,670
General and administrative	1,186	610	3,615	2,091
Promotion and communication	2,195	34	6,914	1,214
Travel expenses	288	140	889	283
Share based compensation	139	393	2,994	488
Research and development	170	(20)	592	65
Depreciation and amortization	985	67	2,697	186
Bad debt expense	631	-	1,036	100
Goodwill impairment	-	-	16,000	-
Other expenses (income), net	346	198	1,524	131
Total operating expenses	9,979	4,231	47,639	10,395
Operating Loss	(5,008)	(3,612)	(36,122)	(8,764)
Interest expense	75	57	144	121
Foreign exchange loss (gain)	128	(38)	328	(116)
Unrealized loss from changes in fair value	2,177	-	3,510	-
Net loss before income taxes	(7,388)	(3,631)	(40,104)	(8,769)
Income tax benefit	-	-	-	-
Net loss for the period	\$ (7,388)	\$ (3,631)	\$ (40,104)	\$ (8,769)
Other comprehensive loss				
Exchange differences on foreign operations	1,048	463	1,615	663
Total comprehensive loss for the period	\$ (8,436)	\$ (4,094)	\$ (41,719)	\$ (9,432)
Net loss attributable to:				
Flora Growth Corp.	\$ (7,358)	\$ (3,608)	\$ (39,969)	\$ (8,705)
Non-controlling interests	(30)	(23)	(135)	(64)
Comprehensive loss attributable to:				
Flora Growth Corp.	\$ (8,406)	\$ (4,071)	\$ (41,584)	\$ (9,368)
Non-controlling interests	(30)	(23)	(135)	(64)
Basic and diluted loss per share attributable to Flora Growth Corp.	\$ (0.10)	\$ (0.08)	\$ (0.54)	\$ (0.21)
Weighted average number of common shares outstanding - basic and diluted	76,611	44,199	74,335	41,152

Table 3. Statement of Cash Flows**Flora Growth Corp.**

Consolidated Statement of Cash Flows

(Unaudited - Prepared by Management)

(in thousands of United States dollars)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Cash flows from operating activities:		
Net loss	\$ (40,104)	\$ (8,769)
Adjustments to net loss:		
Depreciation and amortization	2,697	186
Stock-based compensation	3,184	488
Impairments	16,000	-
Changes in fair value of investments, biological assets and liabilities	3,312	-
Bad debt expense	1,036	100
Interest expense	123	18
Income tax benefit	-	-
Income tax (paid) received	-	-
	<u>(13,752)</u>	<u>(7,977)</u>
Net change in non-cash working capital:		
Trade and other receivables	909	(9,692)
Inventory	(884)	(1,025)
Prepaid expenses and other assets	353	(1,596)
Trade payables and accrued liabilities	(458)	1,005
Net cash used in operating activities	(13,832)	(19,285)
Cash flows from financing activities:		
Common shares issued	-	18,067
Equity issue costs	(88)	(2,431)
Exercise of warrants and options	179	10,357
Repayments of lease liability	(707)	(97)
Common shares repurchased	(255)	-
Interest paid	(126)	-
Loan borrowing (repayments)	66	(247)
Net cash (used) provided by financing activities	(931)	25,649
Cash flows from investing activities:		
Loans provided	-	(268)
Loan repayments received	-	224
Purchases of property, plant and equipment and other assets	(948)	(1,472)
Purchase of investments	-	(3,653)
Business and asset acquisitions, net of cash acquired	(15,388)	(1,284)
Net cash used in investing activities	(16,336)	(6,453)
Effect of exchange rate on changes on cash	(615)	(613)
Change in cash during the period	(31,714)	(702)
Cash and cash equivalents at beginning of period	37,614	15,523
Cash and cash equivalents at end of period	\$ 5,900	\$ 14,821
Supplemental disclosure of non-cash activities		
Right of use assets and lease liabilities acquired	\$ 2,042	\$ -
Common shares issued for business combinations	14,917	-

Table 4. Reconciliation of IFRS to non-IFRS financial results.

Adjusted EBITDA (non-IFRS measure) reconciliation to net loss and Adjusted EBITDA margin to net income (loss) margin. The reconciliation of the Company's adjusted EBITDA, a non-IFRS financial measure, to net loss, the most directly comparable IFRS financial measure, for the three and nine months ended September 30, 2022, and September 30, 2021 is presented in the table below:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
<i>(In thousands of United States dollars)</i>				
Net loss for the period	\$ (7,388)	\$ (3,631)	\$ (40,104)	\$ (8,769)
Income tax expense (benefit)	-	-	-	-
Interest expense	75	57	144	121
Depreciation and amortization	985	67	2,697	186
Non-operating expense (1)	128	(38)	328	(116)
Share based compensation	140	393	3,184	488
Impairments (2)	-	-	16,000	-
Unrealized loss from changes in fair value (3)	2,177	-	3,510	-
Charges related to the flow-through of inventory step-up on business combinations	-	-	1,631	-
Other acquisition and transaction costs	94	10	653	10
Non-cash fair value adjustments on the sale of inventory and biological assets	(142)	-	(186)	-
Adjusted EBITDA	\$ (3,931)	\$ (3,142)	\$ (12,143)	\$ (8,080)
<i>Adjusted EBITDA Margin %</i>	<i>-36.5 %</i>	<i>-150.1 %</i>	<i>-47.3 %</i>	<i>-191.9 %</i>

(1) Non-operating expense includes foreign exchange gain (loss).

(2) Impairments include goodwill impairment.

(3) Unrealized loss from changes in fair value includes changes in the value of the Company's long-term investment in an early-stage European cannabis company and the value of the Company's contingent consideration associated with its acquisition of JustCBD.