



Choom Announces Fiscal Year 2021 Results with 200% Year-Over-Year Growth

Vancouver, BC – October 26, 2021– Choom Holdings Inc. (“**Choom**” or the “**Company**”) (CSE: CHOO; OTCQB: CHOOF), a fast-expanding Canadian retail cannabis Company is pleased to report its financial and operating results for the 2021 fiscal year, ending June 30, 2021.

Fiscal 2021 Financial Highlights:

- **FY 2021 Revenue of \$22.05M**
 - Increase of \$14.7M and 200% over FY 2020 revenue of \$7.4M
- **FY 2021 Gross Margin of 36.9%**
 - Increase of 6.31% over FY 2020 gross margin of 30.59%
- **FY 2021 General and Administrative of \$4.04M or 18.33% of revenue**
 - Versus \$5.85M or 79.52% of revenue in FY 2020
- **FY 2021 Salary and Wages of \$4.22M or 19.13% of revenue**
 - Versus \$2.53M or 34.38% of revenue in FY 2020
- **FY 2021 Adjusted EBITDA¹ of -\$0.12M or -0.56% of revenue**
 - Versus -\$6.13M or -83.31% of revenue in FY 2020

“I am thrilled with the year-to-date performance of the brand, growing topline revenue by 200%, increasing gross profit at a faster rate than revenue with a 262% increase, and reducing our total SG&A spend on the year by 1.45%” says Choom CEO, Corey Gillon, “As COVID-19 restrictions continued to affect the broader retail landscape, Cannabis retail was not exempt; from capacity restrictions to provincial lockdowns, the market was marred by its affects. Despite these headwinds, Choom continued to successfully execute on its strategy”.

Fiscal 2022 Strategic Pillars:

- **Finance:** *Drive profitable sales through responsible new store growth and optimization of the existing business.*
- **People:** *Enabling and rewarding a culture of high performance.*
- **Product:** *Ensure the best product is in the right place in the right quantity at the right time.*
- **Marketing:** *Propelling the Choom story and unifying the in-store and online experience.*
- **Operations:** *Investing and building best in class retail infrastructure.*

Year-to-date Operational Highlights:

Finance:

Choom’s momentum continues with its year-over-year sales increase, rightsizing of expenditures, improving margins, and operational efficiencies through its centralized business model.

Sales results varied by province, over the 4th quarter, with exceptionally strong growth coming from the B.C. market, with a 1860% YoY increase. Sales in the Ontario market slowed in Q3 & Q4, impacting overall

results. This was due to a significant increase in new Cannabis Retail Store openings, COVID-19 closures and new value players entering the market. These new players have impacted not only the broader Ontario market, but Alberta as well.

Choom believes that there will be a market normalization on store count in Ontario in 2022, like what was seen in Alberta. Choom has employed a price matching guarantee of local competitor pricing and has seen strong customer loyalty as a result. Choom remains committed to its strategy of providing customers with an elevated brand experience, including best-in-class educators in-store, whilst not diluting margins.

Subsequent to the year, the Company entered into a series of agreements with debenture holders to restructure debt in the amount of \$25.9M and concurrently completed an offering for gross proceeds of \$3.5M. The offering and restructuring significantly improves Choom's balance sheet and are critical milestones to accelerate growth. The restructuring and concurrent offering will be reflected in Q1 2022.

Highlights of the restructuring include:

Aurora Debenture	Pre-restructuring	Post-restructuring
Principal	\$20,000,000	\$6,000,000
Interest Rate	6.5%	7.0%
Interest Due Date ²	Annually	Maturity
Maturity Date	November 2022	December 2024
Restructuring Fee ³	N/A	1.25%
Aurora Ownership % ⁴	3.0%	19.9%
December 2019 Debenture	Pre-restructuring	Post-restructuring
Principal	\$4,100,000	\$4,100,000
Interest Rate	10%	10%
Interest Due Date	Bi-annually	Bi-annually
Maturity Date	December 2021	December 2024

People:

Choom's Retail and Store Support Centre continued to attract, retain, and enable top talent, dedicated to the success of the Company, and strengthened its talent pool with key new hires in inventory management, central operations, and finance. Choom continued to expand its store performance bonus program, rewarding its store managers and educators for their efforts.

Product:

Choom gained significant efficiencies in its inventory management, decreasing total inventory by 9%, and increasing inventory turns from 5 in 2020 to 15.3 in 2021. These efficiencies were the direct result of the centralization and optimization of its product operations.

Gross margins for the year increased by 6.31% as a result of Choom's pricing and assortment strategy, which proved resilient against new value priced players who recently entered the market. Margins continued to increase in Q4 to 38.35%.

2021 saw the launch of Choom's vendor portal, allowing for 152+ licensed producer requests for partnership in-store and online.

Marketing:

Since the re-platforming of its website by Choom's internal digital team, Platform^{WD}, ecommerce sales were approximately \$1M at the date of this report and since its launch in March 2021. The SEO strategy employed has allowed for the realization of a 136% increase in clicks from Google, 508% increase in Google Search impressions, 70.7% engagement rate on the website, and over 80K monthly product impressions.

Choom Plus, the brand's new digital loyalty program was launched, and is now optimizing its current database, whilst exponentially growing it through the acquisition of new subscribers to the program.

Operations:

During the year there were increased COVID-19 related restrictions across all provinces, with Ontario being the most impacted, seeing closures for a significant part of the calendar 2021 year, reducing locations to curbside pick-up and delivery only. Throughout the continued time of uncertainty, Choom remained committed to ensuring safety in all its locations.

Subsequent to year end, Choom opened 2 additional locations in Ontario: Toronto's Liberty Village and Hamilton. Both locations continue to see growth since both their openings.

Building permits remain in review for both its Ottawa and Downtown Vancouver locations. Once the permits are secured, construction for the locations will go out for tender.

About Choom™

Choom™ is a fast-expanding retail cannabis Company that has established one of the largest store networks in Canada. The Choom brand is inspired by Hawaii's "Choom Gang"—a group of buddies in Honolulu during the 1970's who loved to smoke weed—or as the locals called it, "Choom". Evoking the spirit of the original Choom Gang, our brand caters to the Canadian market with the ethos of 'cultivating good times'. Choom™ is focused on delivering an elevated customer experience through our curated retail environments, offering a diversity of brands for Canadians across a national retail network.

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Cautionary Statement on Forward-looking information

This news release contains forward-looking information relating to the Company's proposed activities and other statements that are not historical facts. Forward-looking information relates to management's outlook and anticipated events or results and includes statements or information regarding the future or prospects of the Company. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. These factors include risks and uncertainties associated with or arising as a result of delays in obtaining or an inability to obtain required regulatory approvals, access to sufficient quantities of cannabis, the results of diligence investigations, the actions of third parties, the results of negotiations with third parties, developments in the cannabis sector, the ability to access sufficient capital from internal and external sources, reliance on key personnel, regulatory risks and delays and other risks and uncertainties discussed in the management discussion and analysis section of the Company's interim and most recent annual financial statement or other reports and filings, including those made with the CSE and applicable Canadian securities regulators. There can be no assurance that such forward looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information.

1: Non-IFRS Measures – Adjusted EBITDA

Adjusted EBITDA is a Non-IFRS metric used by management and does not have any standardized meaning prescribed by IFRS. The metric may not be comparable to similar measures presented by other companies. Management defines Adjusted EBITDA as the Income (loss) for the period, as reported, before interest, tax, depreciation, and amortization, share based payments, interest income, rental income, gains and losses, fair value adjustments on marketable securities, impairment, termination costs, debt extinguishments, discontinued operations and other non-recurring income and expenses. Management believes Adjusted EBITDA is a useful financial metric to assess its operating performance. A reconciliation of net income to Adjusted EBITDA is presented below and included in the corresponding MD&A:

Non-IFRS Financial Measures	2021	2020
Net loss for the year - as reported	(21,622,845)	(20,346,426)
Current income tax	86,431	-
Deferred tax recovery	-	(166,524)
Depreciation and amortization	3,912,230	1,710,903
Financing costs	5,078,060	3,654,144
Loss from discontinued operations	1,407,389	325,728
Share-based payments	843,935	1,320,603
Impairment	7,082,220	5,942,600
Other income and expenses	3,089,534	1,428,859
Adjusted EBITDA	(123,046)	(6,130,114)

2: Subsequent to the Restructuring, interest on the Aurora Debenture will be due on maturity of the debenture.

3: Aurora will be paid a restructuring fee equal to 1.25% of all revenue (net of taxes) received by the Corporation from the sale of products at the Corporation's retail locations. The Corporation has the option, exercisable at any time after May 2026 to purchase the Restructuring Fee for a cash amount equal to six (6) times the preceding twelve-month Restructuring Fee.

4: Concurrently with the completion of the Offering, Aurora has agreed to convert into Common Shares such portion of the indebtedness represented by the Amended and Restated Aurora Debenture as will result in Aurora holding a maximum of 19.9% of the Corporation's issued and outstanding Common Shares on a post-Offering basis.

NEITHER THE CANADIAN SECURITIES EXCHANGE NOR ITS REGULATION SERVICES PROVIDER HAS REVIEWED OR ACCEPTED RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.