Choomholdings.ca
CSE: CHOO
OTCQB: CHOOF

Choom Announces Q2 2021 Results with 350% Year Over Year Growth

Vancouver, BC – [March 2, 2021]– Choom Holdings Inc. ("**Choom**" or the "**Company**") (CSE: CHOO; OTCQB: CHOOF), a fast-expanding retail cannabis company is pleased to report its financial and operating results for Q2 2021, ending December 31, 2020.

Q2 Financial Highlights:

- **Q2 2021 revenue of $6.1M**
  - Increase of $4.7M and 350% over Q2 2020 revenue of $1.4M
- **Q2 2021 Gross Margin of 36.37%**
  - Increase of 8.45% over Q2 2020 gross margin of 27.92%
- **Q2 2021 General and Administrative of $0.9M or 14.09% of revenue**
  - Versus $1.3M or 95.25% of revenue Q2 2020
- **Q2 2021 Salary and Wages of $1.1M or 18.22% of revenue**
  - Versus $0.7M or 49.41% of revenue Q2 2020
- **Q2 2021 Adjusted EBITDA[1] of $0.2M or 2.90% of revenue**
  - Versus -$1.8M or -135.86% of revenue Q2 2020

"Coming off the busy Q1 summer season, traditionally the highest grossing period for cannabis retail, we were happy to see such strong results for the second quarter" says Choom CEO, Corey Gillon "We continue to execute on our mission of providing the best retail cannabis experience across every market we serve".

Fiscal 2021 Strategic Pillars:

- **Finance:** *Maximizing profitable sales through responsible new store growth and optimization of the existing business.*
- **Brand:** *Propelling the Choom story and unifying the in-store and online experience.*
- **Culture:** *Enabling and rewarding a culture of high performance.*
- **Operations**: *Investing and building best in class retail infrastructure.*

Q2 Operational Highlights:

Finance:
Choom continues to build momentum from the previous quarter, moving closer to its goal of profitability. The brand is increasing sales while right sizing expenditures, improving margins, and inventory efficiency through a centralized business model. Subsequent to the quarter, the brand took steps to strengthen its balance sheet with a $1.95M private placement. Proceeds will be used for general working capital purposes as well as future store growth.

Brand:
Development work on Choom's new proprietary ecommerce platform continued through Q2, moving the brand toward its goal of realizing the value of its recently acquired in-house digital team and assets.

Choom is taking its elevated retail attributes (including a 98.7% customer satisfaction rate), and applying them to its ecommerce platform, creating a truly unique, omnichannel ecosystem for the brand and its clients. Highlights of the platform will include best-in-class SEO, multi-store fulfilment ecommerce, delivery systems, SMS systems, to name a few. Site launch is planned for mid-March 2021.

As competitors have continued to struggle with the limitations of 3rd party ecommerce plugins, Choom's new platform is accelerating the brand's future strategy for cannabis ecommerce, having aspirations to be turnkey ready with a full ecommerce offering including delivery, through instore fulfilment.

Innovation for the brand will continue this year, with a Q4 launch planned for its new rewards program. The Choom brand has also brought home the prestigious Marketer of the Year Award by ADCANN.

Culture:

Choom continues to attract, retain and enable top talent at both store support center and retail locations. Work continues to bring key functions of the team in-house, reducing costs and reliance on contractors and consultants, improving business support.

Operations:

Choom re-opened its Camrose 48th location during the quarter, that was previously closed due to the Covid-19 pandemic. During the end of Q2 the brand also saw its Niagara location move to curbside and delivery only, following the lockdown of the province of Ontario, due to the worsening Covid-19 conditions at the time. The business has since reopened, with limited capacity. Choom remains committed to ensuring safety in all of its locations during the continuation of this trying time.

In the subsequent quarter the brand's second Vancouver location opened its doors in trendy Yaletown. Early results have been very encouraging, and the brand remains optimistic about the trajectory of the store's growth. Choom is also excited to announce its plans to break ground on our first flagship location in Toronto's Liberty Village. With the building permit secured and tendering complete, construction is expected to commence mid-March.

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 future outlook and anticipated events or results and includes statements or information regarding the future plans 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:

	Three Months Ended December		Six Months Ended December	
Non-IFRS Financial Measures	**2020**	2019	**2020**	2019
Net loss for the period - as reported	**(3,363,027)**	(7,380,742)	**(6,342,167)**	(10,360,341)
Depreciation and amortization	**633,217**	391,867	**1,210,236**	603,569
Financing costs	**1,422,400**	859,898	**2,481,447**	1,526,883
Loss from discontinued operations	**282,938**	92,793	**1,345,285**	155,578
Share-based payments	**440,305**	344,974	**559,067**	689,983
Impairment	**35,595**	4,169,939	**151,030**	4,169,939
Other income and expenses	**725,087**	(312,453)	**845,390**	(602,690)
Adjusted EBITDA	**176,515**	(1,833,724)	**250,288**	(3,817,080)

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