

SLANG Worldwide Announces Second Quarter 2023 Financial Results

Strongest adjusted margins¹ to date of 54%, demonstrating an increase from adjusted gross margins of 43% in Q2 of 2022

Adjusted gross profit¹ of \$4.5 million in Q2 2023, compared with \$4.3 million in Q2 2022, representing a 6.3% increase year-over-year

Continued strong sales growth in Vermont, with revenue increasing by \$1.8 million and \$3.87 million, for the three month and six-month periods respectively ending June 30, 2023.

\$11.23 million in cash and restricted cash at August 15, 2023

Toronto, Ontario – August 24, 2023 - **SLANG Worldwide Inc. (CNSX: SLNG) (OTCQB: SLGWF) ("SLANG" or the "Company")**, a leading global cannabis consumer packaged goods (CPG) company with a diversified portfolio of popular brands, today released financial results for the three and six months ended June 30, 2023. All figures in this press release are stated in Canadian dollars unless otherwise noted.

“In Q2 2023, SLANG achieved another significant milestone with our strongest adjusted gross margins to date, showcasing our dedication to driving financial results across all areas of the business. We also used the quarter to introduce a compelling range of new high-margin products, which will continue to position us as leaders in a rapidly evolving cannabis market,” commented John Moynan, Chief Executive Officer of SLANG. “Our capacity to reduce operating expenses, streamline our vertically integrated operations, and introduce new higher-margin revenue channels in our Core Markets continues to drive our margin expansion and enhance our bottom-line growth. With a strong operational infrastructure in place to advance new growth initiatives, we are strategically focused on constant innovation for our customers in order to deliver today’s most demanded cannabis brands to key cannabis markets nationwide.”

“SLANG maintained strong sales growth in Vermont, increasing revenue by \$1.8 million and \$3.87 million, for the respective three month and six-month periods ending June 30, 2023. Our wholesale sales in Vermont in Q2 2023 also grew by 380% from Q1, showing strong growth momentum quarter-over-quarter. Despite Colorado’s slower growth, we are still outperforming our competitors in the state, with O.pen maintaining its #1 ranking by the BDSA as the top-performing vape cartridge brand in the state throughout Q2. For the first six months of 2023, we increased sales of O.pen cartridges in Colorado by 16% to 415,082 units from the comparable period of 2022 as our portfolio of leading brands has continued to drive solid sales performance.”

Second Quarter 2023 Operational Highlights and Growth Drivers:

- Reported continued strong growth in Vermont, with revenue increasing by \$1.8 million and \$3.87 million, for the three month and six-month periods respectively ending June 30, 2023.

¹ See “Non IFRS measures”.

- SLANG increased wholesale sales in Vermont in Q2 2023 by 380% from the first quarter of 2023, showing strong quarter-over-quarter growth momentum.
- In Colorado, O.pen maintained its #1 ranking by the BDSA as the top-performing vape cartridge brand in Colorado throughout Q2. For the first six months of 2023, we increased unit sales of O.pen cartridges by 16% from the comparable period of 2022.
- In June, launched the new 2-gram disposable cartridge in Colorado, exceeding our initial sales goal by 241%, selling over 7,200 new 2-gram disposable cartridges in the first month alone, and producing over \$570,000 in sales through August 21, 2023².
- Post-quarter end, the Company launched its first line of fast-acting cannabis-infused gummies under its Alchemy Naturals all-natural THC gummy brand in Vermont.

Second Quarter 2023 Financial Summary:

- Revenue from continuing operations for the three months ended June 30, 2023, was \$8.44 million, compared with \$9.87 million in the three months ended June 30, 2022. The year-over-year decline was primarily driven by a reduction of \$1.63 million in our Distribution sales and \$0.96 million in our Emerging Market sales, partially offset by a \$1.05 million increase in Core Market sales driven by growth in Vermont. For the six months ended June 30, 2023, revenue from continuing operations increased 5.6% to \$19.3 million from \$18.2 million in the prior year six-month period.
- Gross profit of \$4.4 million (52% gross margin) in Q2 2023, compared with \$4.5 million (43% gross margin) in Q2 2022. Adjusted gross profit¹ was \$4.5 million (54% adjusted gross margin) in Q2 2023, compared with \$4.3 million (43% adjusted gross margin) in Q2 2022, representing a 6.3% increase year-over-year.
- EBITDA¹ of \$(1.2) million in Q2 2023, compared with \$(1.1) million in Q2 2022. The reduction in EBITDA is primarily attributable to a \$0.28 million reduction in gross profit offset by a \$0.21 million reduction in operating expenses, both of which exclude depreciation costs
- Adjusted EBITDA¹ of \$(0.76) million in Q2 2023, compared with \$(0.70 million) in Q2 2022. The reduction in Adjusted EBITDA is primarily attributable to a \$0.19 million increase in operating expenses (excluding depreciation expenses, expected credit losses and share based payments), offset by \$0.13 million increase in adjusted gross profit, excluding depreciation costs
- \$10.07 million in cash and restricted cash on June 30, 2023, compared to \$11.67 million in cash and restricted cash on March 31, 2023. The Company received an additional \$1.63 million in ERTC (Employee Retention Tax Credit) from the Internal Revenue Service post quarter-end. As of August 15, 2023, SLANG had \$11.23 million in cash and restricted cash compared to \$11.92 million on December 31, 2022.

¹See "Non IFRS measures".

² Preliminary and unaudited financial results are subject to customary financial statement procedures by the Company and its auditors. Actual results could be affected by subsequent events or determinations. While the Company believes there is a reasonable basis for these preliminary financial results, the results involve known and unknown risks and uncertainties that may cause actual results to differ materially. These preliminary fiscal results represent forward-looking information. See "Forward-Looking Statements" and "Financial Outlook".

Second Quarter 2023 Financial Review

The consolidated financial statements were prepared in accordance with IFRS. The following is a selected presentation of the Income Statement for the three and six months ended June 30, 2023.

(In thousands of Canadian dollars except per share data and percentages)	For the three months ended		For the six months ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
Net Operating Revenue From Continuing Operations	8,436	9,868	19,259	18,242
Cost of goods sold	3,900	5,601	9,041	10,336
Gross Profit Before Fair Value Adjustment of Biological Assets	4,536	4,267	10,218	7,906
Realized fair value amounts included in inventory sold	(609)	(580)	(1,032)	(1,094)
Unrealized gain on changes in fair value of biological assets	419	806	876	1,336
Gross Profit	4,346	4,493	10,062	8,148
Gross Profit Margin	52%	46%	52%	45%
Operating expenses	6,235	7,087	12,015	14,573
Operating Loss	(1,889)	(2,594)	(1,953)	(6,425)
Other items (Impairment, FV adjustment, FX, gains/losses, taxes, etc.)	(1,647)	(951)	(3,912)	(1,633)
Total Comprehensive Loss	(3,536)	(3,545)	(5,865)	(8,058)
Earnings Per Share From Continuing Operations				
Basic	(0.01)	(0.03)	(0.03)	(0.09)
Diluted	(0.01)	(0.03)	(0.03)	(0.08)

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Gross Profit Margin before FV adjustment	54%	43%	53%	43%

(In thousands of Canadian dollars)	For the three months ended		For the six months ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
Total Comprehensive Loss	(3,536)	(3,545)	(5,865)	(8,058)
EBITDA (Non-IFRS)	(1,168)	(1,096)	(490)	(3,455)
Adjusted EBITDA (Non-IFRS)	(762)	(704)	(22)	(2,348)

See the Company's management's discussion and analysis for the three and six months ended June 30, 2023 (the "Q2 2023 MD&A") for a detailed reconciliation of EBITDA and Adjusted EBITDA to Operating Income / (Loss). SLANG's financial statements and the Q2 2023 MD&A are available on SEDAR+ at www.sedarplus.ca, and on the Company's Investor Relations website at www.slangww.com.

Non-IFRS Measures

EBITDA, Adjusted EBITDA, adjusted gross profit and adjusted gross margin are non-IFRS financial measures that the Company uses to assess its operating performance. EBITDA is defined as net earnings (loss) before net finance costs, income tax expense (benefit) and depreciation and amortization expense. Management defines Adjusted EBITDA as EBITDA adjusted for other non-cash items such as the impact of unrealized fair values, share based compensation expense, impairments, one-time gains and losses, and one-time revenues and expenses. Management defines adjusted gross profit as gross profit before fair value adjustment of biological assets. This data is furnished to provide additional information and are non-IFRS measures and do not have any standardized meaning prescribed by IFRS. The Company uses these non-IFRS measures to provide shareholders and others with supplemental measures of its operating performance. The Company also believes that securities analysts, investors and other interested parties, frequently use these non-IFRS measures in the evaluation of companies, many of which present similar metrics when reporting their results. As other companies may calculate these non-IFRS measures 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 and investing activities. During 2022, the Company updated its definition of Adjusted EBITDA to include the impact of fair value amounts included in inventory sold and unrealized gain on changes in fair value of biological assets.

Conference Call Details

Management plans to host an investor conference call today, August 24, at 10:00 am ET to discuss the results.

Timing: Thursday, August 24, 2023 at 10:00 am ET

Dial In: 1(888) 440-5983 (US toll-free) or 1(646) 960-0202 (international)

Conference ID: 6291438

Webcast: A live webcast can be accessed via the Company's website at www.slangww.com or <https://events.q4inc.com/attendee/459259871>

About SLANG Worldwide

SLANG Worldwide Inc. is the industry leader in branded cannabis consumer packaged goods, with a diversified portfolio of five distinct brands and products distributed across the U.S. Operating in 13 legal cannabis markets nationwide, SLANG specializes in acquiring and developing market-proven regional brands, as well as launching innovative new brands to seize global market opportunities and match evolving consumer tastes. The Company has over a decade of experience operating in the nascent and highly regulated cannabis sector, and its partners enjoy the benefits of that experience, with access to the SLANG playbook for successful operations, sales and marketing. Its strong product pipeline from uniquely positioned and scalable brands like O.pen, Alchemy Naturals, Ceres, Firefly, and partnerships with brands like Greenhouse Seed Company have a proven track record of success with the brands consistently ranking among the top performers in the states where SLANG operates. Learn more at slangww.com.

Forward-Looking Statements

This news release contains statements that constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management of SLANG at this time, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies that could cause actual results to differ materially from those expressed or implied in such statements. Investors are cautioned not to put undue reliance on forward-looking statements. Applicable risks and uncertainties include, but are not limited to regulatory risks, risks related to the COVID-19 global pandemic, changes in laws, resolutions and guidelines, market risks, concentration risks, operating history, competition, the risks associated with international and foreign operations and the other risks identified under the headings "Risk Factors" in SLANG's annual information form dated April 27, 2022 and other disclosure documents available on SEDAR+ at www.sedarplus.ca. SLANG is not under any obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

Financial Outlook

This news release contains a financial outlook within the meaning of applicable Canadian securities laws. The financial outlook has been prepared by management of the Company to provide an outlook for the Company's sales in certain markets during the period of July and August 2023, as well as cash balances and may not be appropriate for any other purpose. The financial outlook has been prepared based on a number of assumptions including the assumptions discussed under the heading "Forward-Looking Statements". The actual results of the Company's operations for any period will likely vary from the amounts set forth in these projections and such variations may be material. The Company and its management believe that the financial outlook has been prepared on a reasonable basis. However, because this information is highly subjective and subject to numerous risks, including the risks discussed under the heading "Forward-Looking Statements", it should not be relied on as necessarily indicative of future results.

Third Party Information

This press release includes market and industry data that has been obtained from third party sources, including industry publications. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently

verified any of the data from third party sources referred to in this press release or ascertained the underlying economic assumptions relied upon by such sources.

Reader Advisory

Neither the Canadian Securities Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this release.

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