

## **SLANG Worldwide Announces First Quarter 2023 Financial Results**

*Positive EBITDA of \$0.68 million in Q1 FY2023, compared with (\$2.36 million) in Q1 FY2022<sup>1</sup>*

*Achieved positive operational cash flow in Q1 FY2023 for the second consecutive quarter, and on track to generate positive operational cash flow in Q2 FY2023<sup>1,2</sup>*

*Adjusted gross profit of \$5.68 million (52% adjusted gross margin) in Q1 2023, compared with \$3.64 million (43% adjusted gross margin) in Q1 2022, a 56% increase year-over-year<sup>1</sup>*

Toronto, Ontario – May 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 months ended March 31, 2023. All figures in this press release are stated in Canadian dollars unless otherwise noted.

"SLANG's results from Q1 FY2023 again demonstrated the strength of the SLANG business model and our ability to thrive in the country's most competitive cannabis markets, and create a differentiated financial profile. By operating in a flexible and scalable manner to effectively compete in each specific cannabis market where we operate, we have now produced positive Adjusted EBITDA, our first quarter of positive EBITDA, our second consecutive quarter of positive operational cash flow, and our highest quarterly adjusted margins to date, of 52%. We anticipate this positive momentum to continue through fiscal 2023 as we further elevate our market position and continue to drive top and bottom-line results," commented John Moynan, Chief Executive Officer of SLANG.

"Our core markets of Vermont and Colorado continue to outperform expectations, with our portfolio of leading brands fueling solid sales growth. In fact, we achieved our strongest sales growth in Colorado in the first quarter with sales increasing 12% year-over-year. Our ability to continue driving high-margin revenue from our Core Markets positions these operations as the financial backbone of our Company, allowing us to be aggressive in driving brand performance nationally through our Emerging Markets," Mr. Moynan concluded.

### **First Quarter 2023 Operational Highlights and Growth Drivers:**

- Generated positive operational cash flow in Q4 FY2022 and Q1 FY2023, achieving two consecutive quarters of positive operational cash flow<sup>1</sup>.
- In the first two O.pen promotions of Q1 2023, the Company saw its top 5 highest volume accounts deliver a 30-66% year-over-year sales lift. This was driven by a new strategic marketing approach in 2023, concentrated on structured, brand-driven promotions during key sales periods throughout the year.
- Launched O.pen and Alchemy Naturals into the Vermont wholesale market, a significant near-term growth opportunity.

- In April 2023, expanded into the new market of West Virginia, launching operations through strategic partnerships with leading, high-quality premium cannabis brands and operators.

### **First Quarter 2023 Financial Highlights**

- Revenue from continuing operations for the three months ended March 31, 2023, was \$10.82 million, compared with \$8.37 million in the three months ended March 31, 2022, representing a 29% increase year-over-year. The primary drivers of the increase were due to an increase in our Core Market sales of \$2.05 million in Vermont and \$0.78 million in Colorado, offset by a reduction in Emerging Market sales. The increase in Vermont was driven by the opening of the Company's CERES Collaborative dispensary on October 1, 2022, Vermont's first recreational cannabis store.
- Gross profit of \$5.72 million (53% gross margin) in Q1 2023, compared with \$3.66 million (44% gross margin) in Q1 2022, representing a 56% increase year-over-year. Adjusted gross profit<sup>1</sup> was \$5.68 million (52% adjusted gross margin) in Q1 2023, compared with \$3.64 million (43% adjusted gross margin) in Q1 2022, representing a 56% increase year-over-year.
- EBITDA<sup>1</sup> of \$0.68 million in Q1 2023, compared with (\$2.36 million) in Q1 2022. The improvement in EBITDA is primarily attributable to a \$2.06 million increase in gross profit and a \$0.55 million decrease in share-based payments. Further reductions in operating expenditures such as consulting and subcontractors also contributed to the improvement in EBITDA.
- Adjusted EBITDA<sup>1</sup> of \$0.74 million in Q1 2023, compared with (\$1.64 million) in Q1 2022. The improvement in Adjusted EBITDA is primarily attributable to a \$2.04 million increase in gross profit before fair value adjustments of biological assets. Further reductions in operating expenditures such as consulting and subcontractors also contributed to the improvement in Adjusted EBITDA.
- \$11.67 million in cash and restricted cash on March 31, 2023, compared to \$11.92 million on December 31, 2022. Excluding deferred cash consideration of \$0.33 million paid in connection with the Company's acquisition of High Fidelity Inc. ("HiFi"), the Company was operational cash flow positive in the three months ending March 31, 2023<sup>1</sup>.

### **First 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 months ended March 31, 2023.

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<sup>1</sup> See "Non IFRS measures".

<sup>2</sup> 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".

	3 months ended 31-Mar-23	3 months ended 31-Mar-22
(In thousands except per share data and percentages)	CDN	CDN
<b>Net Operating Revenue From Continuing Operations</b>	<b>\$ 10,823</b>	<b>\$ 8,374</b>
Cost of Goods Sold	5,141	4,735
<b>Gross Profit Before Fair Value Adjustment of Biological Assets</b>	<b>5,682</b>	<b>3,639</b>
Realized fair value amounts included in inventory sold	(423)	(514)
Unrealized gain on fair value of biological assets	456	530
<b>Gross Profit</b>	<b>5,715</b>	<b>3,655</b>
<b>Gross Profit Margin</b>	<b>53%</b>	<b>44%</b>
Operating expenses	5,778	7,486
<b>Operating Loss</b>	<b>(63)</b>	<b>(3,831)</b>
Other items (Impairment, FV adjustment, FX, gains/losses, taxes, etc.)	2,267	682
<b>Total Comprehensive Loss</b>	<b>(2,330)</b>	<b>(4,513)</b>
<b>Earnings Per Share From Continuing Operations</b>		
<b>Basic</b>	<b>\$ (0.02)</b>	<b>\$ (0.04)</b>
<b>Diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.04)</b>

	3 months ended 31-Mar-23	3 months ended 31-Mar-22
(In thousands except per share data and percentages)	CDN	CDN
<b>Net Operating Revenue From Continuing Operations</b>	<b>\$ 10,823</b>	<b>\$ 8,374</b>
Cost of Goods Sold	5,141	4,735
Realized fair value amounts included in inventory sold	(423)	(514)
Unrealized gain on fair value of biological assets	456	530
<b>Cost of Goods Sold</b>	<b>5,108</b>	<b>4,719</b>
<b>Gross Profit</b>	<b>5,715</b>	<b>3,655</b>
<b>Gross Profit Margin</b>	<b>53%</b>	<b>44%</b>
<b>Gross Profit before FV adjustment</b>	<b>5,682</b>	<b>3,639</b>
<b>Gross Profit Margin before FV adjustment</b>	<b>52%</b>	<b>43%</b>

	3 months ended 31-Mar-23	3 months ended 31-Mar-22
(In thousands except per share data and percentages)	CDN	CDN
<b>Total Comprehensive Loss</b>	<b>\$ (2,330)</b>	<b>\$ (4,513)</b>
<b>EBITDA (Non-IFRS)</b>	<b>679</b>	<b>(2,359)</b>
<b>Adjusted EBITDA (Non-IFRS)</b>	<b>742</b>	<b>(1,644)</b>

See the Company's management's discussion and analysis for the three months ended March 31, 2023 (the "Q1 2023 MD&A") for a detailed reconciliation of EBITDA and Adjusted EBITDA to Operating Income / (Loss). SLANG's financial statements and the Q1 2023 MD&A are available on SEDAR at [www.sedar.com](http://www.sedar.com), and on the Company's Investor Relations website at [www.slangww.com](http://www.slangww.com).

## **Non-IFRS Measures**

EBITDA, Adjusted EBITDA, adjusted gross profit, adjusted gross margin and operational cash flow 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. Management defines adjusted gross margin as gross margin before fair value adjustment of biological assets. Management defines operational cash flow as cash flow of the business, excluding milestone payments made in connection with the Company's acquisition of HiFi, pursuant to an Agreement and Plan of Merger dated June 25, 2021, as amended. 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. The comparative 2021 figures have been updated to conform to this current period presentation.

## **Conference Call Details**

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

**Timing:** Wednesday, May 24<sup>th</sup>, 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](http://www.slangww.com) or <https://events.q4inc.com/attendee/413638362>

## **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](http://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 the Q1 2023 MD&A and other disclosure documents available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). 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 operational cash flow for the three months ended June 30, 2023 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.

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