

SLANG Worldwide Announces Third Quarter 2023 Financial Results

Achieved positive cash flow for each operating business unit;

Strong sales growth, with revenue of \$9.1 million and \$28.4 million, for the three month and nine month periods ending September 30, 2023, increasing 11.4% and 7.4% year-over-year, respectively;

Continued improvement in adjusted gross margins¹ of 52% in Q3 2023, compared with adjusted gross margins of 49% in Q3 of 2022;

Adjusted gross profit¹ of \$4.8 million in Q3 2023, compared with \$4.0 million in Q3 2022, representing an 18.3% increase year-over-year;

\$10.8 million in cash and restricted cash at September 30, 2023.

Toronto, Ontario – November 28, 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 nine months ended September 30, 2023. All figures in this press release are stated in Canadian dollars unless otherwise noted. “The third quarter was another solid quarter for SLANG, with both revenue and gross profit increasing sequentially and year-over-year. Impressively, all our operating business units exceeded expectations for the quarter, with each one cash flow positive on a standalone and operational basis,” commented John Moynan, Chief Executive Officer of SLANG. “I believe that these results demonstrate the strength of our proven business model, as we are strategically expanding, successfully operating and adapting to the challenging dynamics of each cannabis market and regulatory environment. To me, our results confirm that SLANG is well-positioned for the future.”

Moynan continued, “Across our geographies, we continue to maintain a leadership position as we scale our operations and position SLANG for continued growth. For example, in Vermont, where we saw rapid market saturation in the retail market, we were able to increase revenue by \$1.58 million year-over-year by expanding into the wholesale market which is proving to be a new high-margin revenue channel for SLANG. In Colorado, our ability to be nimble and adapt has allowed us to identify and expand our products in select categories, such as within the vape category segment, to lead and expand our market position. Finally, in Maryland and West Virginia, through our strategic partnership with Trulieve, we have integrated this high-growth channel and demonstrated our ability to effectively compete in the country’s most competitive markets in a cost-effective manner. Our strength remains our ability to identify opportunities and to focus on partners and categories where we can be successful.”

Third Quarter 2023 Financial Summary:

- Revenue from continuing operations for the three months ended September 30, 2023, was \$9.10 million, compared with \$8.17 million in the three months ended September 30, 2022. The year-over-year increase was primarily driven by an increase of \$0.95 million in Core Market sales and \$0.19 million in Ecommerce sales, partially offset by a decrease of \$0.18 million in our Distribution sales and a decrease of \$0.03 million in Emerging Market sales. Within the Core Market segment, the Company experienced growth in Vermont, with sales increasing by \$1.58 million, which is offset by a reduction of \$0.63 million in sales in Colorado.
- Gross profit of \$4.9 million (53% gross margin) in Q3 2023, compared with \$3.6 million (44% gross margin) in Q3 2022. Adjusted gross profit¹ was \$4.8 million (52% adjusted gross margin)

¹ See “Non IFRS measures”.

in Q3 2023, compared with \$4.0 million (49% adjusted gross margin) in Q3 2022, representing an 18.3% increase year-over-year.

- EBITDA¹ of \$(0.38) million in Q3 2023, compared with \$(3.43) million in Q3 2022. The improvement in EBITDA is primarily attributable to a \$1.67 million increase in gross profit (excluding depreciation costs), and a reduction of \$1.38 million in operating expenses (excluding depreciation) such as insurance and share-based payments.
- Adjusted EBITDA¹ of \$(0.31) million in Q3 2023, compared with \$(1.24 million) in Q3 2022. The reduction in Adjusted EBITDA is primarily attributable to an increase of \$1.15 in gross profit before fair value adjustments of biological assets (excluding depreciation costs), offset by \$0.22 million increase in operating expenses (excluding depreciation expenses, expected credit losses and share based payments).
- \$10.82 million in cash and restricted cash on September 30, 2023, compared to \$11.92 million on December 31, 2022 and \$10.07 million on June 30, 2023. Additionally, for the nine months ended September 30, 2023, cash flows generated from continuing operating activities was \$0.29 million, compared to cash flows used in continuing operating activities of (\$6.35 million) for the nine months ended September 30, 2022, an improvement of \$6.61 million. In the third quarter, the Company received a \$1.63 million Employee Retention Tax Credit from the Internal Revenue Service.

Recent Corporate Developments:

- The Company announced on November 21, 2023, that it has retained PGP Capital Advisors, LLC, ("PGP") to assist in a review of its strategic alternatives. The Company's Board of Directors has formed a committee of independent directors to assist SLANG's management team and PGP in exploring, reviewing, and evaluating strategic alternatives that may be available to the Company to maximize shareholder value.
- The Company also announces that as of November 14, 2023, it has issued 2,946,757 common shares in connection with the CFO's employment agreement and 5,575,781 common shares in connection with the CEO's employment agreement (the "CEO Agreement"). This was the third and final tranche issuance pursuant to the CEO Agreement, the second tranche was completed May 15, 2023, by the issuance of 1,949,723 common shares and the first tranche completed May 16, 2022, with the issuance of 243,847 common shares.

Third 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 nine months ended September 30, 2023.

(In thousands of Canadian dollars except per share data and percentages)	For the three months ended		For the nine months ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
Net Operating Revenue From Continuing Operations	9,101	8,170	28,360	26,412
Cost of goods sold	4,348	4,153	13,389	14,489
Gross Profit Before Fair Value Adjustment of Biological Assets	4,753	4,017	14,971	11,923
Realized fair value amounts included in inventory sold	(375)	(584)	(1,407)	(1,678)
Unrealized gain on changes in fair value of biological assets	480	170	1,356	1,506
Gross Profit	4,858	3,603	14,920	11,751
Gross Profit Margin	53%	44%	53%	44%
Operating expenses	5,960	8,592	17,975	23,165
Operating Loss	(1,102)	(4,989)	(3,055)	(11,414)
Other items (Impairment, FV adjustment, FX, gains/losses, taxes, etc.)	(3,392)	348	(7,304)	(1,284)
Total Comprehensive Loss	(4,494)	(4,641)	(10,359)	(12,698)
Earnings Per Share From Continuing Operations				
Basic	(0.03)	(0.06)	(0.06)	(0.16)
Diluted	(0.03)	(0.06)	(0.06)	(0.15)
(In thousands of Canadian dollars)	For the three months ended		For the nine months ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
Net Operating Revenue From Continuing Operations	9,101	8,170	28,360	26,412
Cost of Goods Sold	4,348	4,153	13,389	14,489
Realized fair value amounts included in inventory sold	(375)	(584)	(1,407)	(1,678)
Unrealized gain on fair value of biological assets	480	170	1,356	1,506
Cost of Goods Sold	4,243	4,567	13,440	14,661
Gross Profit	4,858	3,603	14,920	11,751
Gross Profit Margin	53%	44%	53%	44%
Gross Profit before FV adjustment	4,753	4,017	14,971	11,923
Gross Profit Margin before FV adjustment	52%	49%	53%	45%
(In thousands of Canadian dollars)	For the three months ended		For the nine months ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
Total Comprehensive Loss	(4,494)	(4,641)	(10,359)	(12,698)
EBITDA (Non-IFRS)	(379)	(3,432)	(869)	(6,887)
Adjusted EBITDA (Non-IFRS)	(306)	(1,240)	(328)	(3,588)

See the Company's management's discussion and analysis for the three and nine months ended September 30, 2023 (the "Q3 2023 MD&A") for a detailed reconciliation of EBITDA and Adjusted EBITDA to Operating Income / (Loss). SLANG's financial statements and the Q3 2023 MD&A are available on SEDAR at www.sedar.com, 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. Management defines adjusted gross margin as gross margin 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. Certain of the comparative 2022 figures have been updated to conform to this current period presentation.

Conference Call Details

Management plans to host an investor conference call today, November 28, at 10:00 am ET to discuss the results.

Timing: Tuesday, November 28, 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/894460650>

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.

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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