

## **SLANG Worldwide Announces Third Quarter 2022 Financial Results**

### **Completes Integration of Acquired Vermont Cannabis Operations in Preparation for Launch of Adult-Use Sales**

#### **Successfully Launched Alchemy Naturals in Colorado**

#### **Leveraged New Streamlined Infrastructure in Vermont and Colorado to Sustain Higher Gross Margins and Increase Cash Flow**

Toronto, Ontario – November 29, 2022 - **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, 2022. All figures in this press release are stated in Canadian dollars unless otherwise noted.

John Moynan, CEO of SLANG, said, "As I was appointed CEO in October, SLANG had been set on a new growth trajectory as we neared the completion of our operational restructuring. In the third quarter, SLANG strategically advanced upon a number of key growth opportunities in our Core Markets of Colorado and Vermont which have significantly enhanced our leadership position and are now driving a new level of financial success. Most notably, we completed the integration of our newly acquired Vermont cannabis operations and successfully launched adult-use sales in our Burlington store in October as the first adult-use dispensary in the state. As sales continue to build from the launch of new products, we face a greater opportunity to serve a more expansive consumer base and believe Vermont will serve as a key revenue channel for our business."

"Despite a weakening in the Colorado market in the quarter, our O.pen brand continued to perform strongly and remains the top selling vape product in the market. Once again, O.pen was recognized as Colorado's best vape product by BDSA, generating \$3.8 million in retail sales in September, \$1.5 million more than the nearest branded competitor and private label competitor. We exceeded our sales projections for the month of October and believe that, as demand continues to build for O.pen, as well as our newly launched Alchemy products, we will continue to see steady financial growth from these products going forward. This is perhaps the most exciting time in SLANG's history. We are operating more efficiently than ever before and we have a clear path towards profitability."

#### **Third Quarter 2022 Operational Highlights and Growth Drivers:**

- Vermont regulators issued a retail marijuana license to the Company on September 28, 2022, allowing the Company to open its Ceres Collaborative dispensary on October 1, 2022, Vermont's first adult-use cannabis store;
- Successfully launched Alchemy Naturals Edibles in Colorado in July and e-commerce in September with an 8% growth in dollar sales from July to September;
- Sustained margin improvement of 44% along with significant reduction in operational expenses;
- Increased Colorado sales as one of the Company's key accounts delivered a 229% increase in sales from August to September. SLANG achieved total Colorado sales growth for the month of September of 44.5% year-over-year and 75% from August, significantly beating the Company's overall quarterly sales forecast in Colorado by 12%.

#### **Subsequent Quarterly Operational Highlights:**

- Cash flow positive in October<sup>1</sup>;
- Kicked off 10 Years of O.pen Program in October with the launch of special incentives driving strong October product sales;

---

<sup>1</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

- O.pen ranked #1 Vape Brand in Colorado for its 20 month since 2019;
- Adult-use sales in Vermont began October 1, 2022.

### Third Quarter 2022 Financial Highlights

- Revenue from continuing operations for the three months ended September 30, 2022 (“**Q3 2022**”) was \$8.17 million, compared with \$9.36 million in the three months ended September 30, 2021 (“**Q3 2021**”), representing a 13% decrease year-over-year. The primary drivers of the decrease were due to a reduction of \$0.87 million in sales in our non-core markets sales, a reduction of \$0.78 million in Firefly 2+ sales and a reduction of \$0.29 million in Colorado Core Market sales, offset by a \$0.75 million increase in revenue associated with the acquisition of High Fidelity, Inc. (“**HiFi**”) completed on August 11, 2021.
- Gross profit of \$3.60 million (44% gross margin) in Q3 2022, compared with \$3.46 million (37% gross margin) in Q3 2021, representing a 4% increase year-over-year. Despite the decrease in revenue year-over-year, gross profit increased due to lower cost of raw cannabis inputs in Colorado, higher margins associated with HiFi’s retail operations, and two previously completed strategic initiatives being the elimination of low-margin Oregon sales and the elimination of low margin products via an internal SKU rationalization process.
- EBITDA of (\$3.43 million) in Q3 2022, compared with (\$5.54 million) in Q3 2021. The improvement in EBITDA is primarily attributable to a reduction of \$1.86 million in expected credit losses and an increase in gross profit of \$0.14 million.
- Adjusted EBITDA of (\$1.24 million) in Q3 2022, compared with (\$1.56 million) in Q3 2021. The improvement in Adjusted EBITDA is primarily attributable to a \$0.45 million increase in gross profit before fair value adjustments on biological assets, offset by an increase in operating expenditures related to HiFi, which is not presented in the comparative period before August 11, 2021.
- \$12.23 million in cash and restricted cash on September 30, 2022, compared to \$20.83 million on December 31, 2021, and \$15.72 million on June 30, 2022.

*EBITDA and Adjusted EBITDA are non-IFRS financial measures that is further described under the section “Non-IFRS Measures” herein.*

### Third Quarter 2022 Consolidated Financial Statements

The consolidated financial statements were prepared in accordance with IFRS. The following is selected presentation of the Income Statement for the three months ended September 30, 2022.

	3 months ended 30-Sept- 22	3 months ended 30- Sept-21
(In thousands except per share data and percentages)	CDN\$	CDN\$
<b>Net Operating Revenue from Continuing Operations</b>	<b>\$8,170</b>	<b>\$9,357</b>
Cost of Goods Sold	4,152	5,790
<b>Gross Profit Before Gain on Fair Value of Biological Assets</b>	<b>4,018</b>	<b>3,567</b>

these preliminary financial results, the results involve known and unknown risks and uncertainties that may cause actual results to differ materially. Preliminary fiscal results represent forward-looking information. See “Forward-Looking Statements” and “Financial Outlook”.

Realized fair value amounts included in inventory sold	(584)	(385)
Unrealized gain on fair value of biological assets	170	282
<b>Gross Profit</b>	<b>3,604</b>	<b>3,464</b>
<b>Gross Profit Margin</b>	<b>44%</b>	<b>37%</b>
Operating expenses	8,591	10,958
<b>Operating Loss</b>	<b>(4,987)</b>	<b>(7,494)</b>
Other items (Impairment, FV adjustment, FX, gains/losses, taxes, etc.)	347	1,801
<b>Total Comprehensive Income (Loss)</b>	<b>(4,640)</b>	<b>(\$5,693)</b>
<b>Earnings Per Share</b>		
<b>Basic</b>	<b>(\$0.06)</b>	<b>(\$0.08)</b>
<b>Diluted</b>	<b>(\$0.06)</b>	<b>(\$0.08)</b>

	3 months ended 30-Sept-22	3 months ended 30-Sept-21
(In thousands except per share data and percentages)	CDN\$	CDN\$
<b>Total Comprehensive Income (Loss)</b>	<b>(4,640)</b>	<b>(\$5,693)</b>
EBITDA	(3,430)	(5,541)
Adjusted EBITDA	(1,239)	(1,555)

See the Company's management's discussion and analysis for the three months ended September 30, 2022 (the "**Q3 2022 MD&A**") for a detailed reconciliation of EBITDA and Adjusted EBITDA to Operating Income / (Loss). SLANG's financial statements and the Q3 2022 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).

Subsequent to the third quarter of 2022, the Company has also granted 4,733,526 incentive stock options (the "**Options**") to acquire common shares in the capital of the Company with an exercise price to equal the greater of: (i) the closing market price on November 30, 2022; and (ii) the closing market price on December 1, 2022, to its independent directors. The Options are subject to vesting provisions and are non-transferrable.

#### **Non-IFRS Measures**

EBITDA and Adjusted EBITDA 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. 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.

### Conference Call Details

Management plans to host an investor conference call today, November 29, 2022 at 10:00am ET to discuss the results.

<b>Timing:</b>	Tuesday, November 29, 2022 at 10:00am ET
<b>Dial-in:</b>	1(888) 440-5983 (US toll-free) or 1(646) 960-0202 (international)
<b>Conference ID:</b>	6291438
<b>Webcast:</b>	A live webcast can be accessed via the Company's website at <a href="http://www.slangww.com">www.slangww.com</a> or at <a href="https://events.q4inc.com/attendee/564712700">https://events.q4inc.com/attendee/564712700</a>  A replay of the webcast will be archived on the Company's website for one year.

### About SLANG Worldwide

SLANG Worldwide 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 15 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](#), [CeresMED](#), [Firefly](#), [District Edibles](#) 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 Q3 2022 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 cash flow for the month ended October 31, 2022 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" above. 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" above, 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.

### **Media and Investor Inquiries**

[Investors@SLANGww.com](mailto:Investors@SLANGww.com)

### **KCSA Strategic Communications**

Phil Carlson

[SLANG@kcsa.com](mailto:SLANG@kcsa.com)