

## **SLANG Worldwide Announces Q4 and Year-End 2023 Financial Results**

*Achieved adjusted gross profit margin<sup>1</sup> of approximately 51% in Q4 FY2023 and 52% in FY2023*

*Operating Expenses decreased approximately 19% in Q4 FY2023 and 21% in FY2023*

*Increased annual adjusted gross profit<sup>1</sup> by 6%*

*Launched wholesale offering in Vermont to capitalize on increase in licensed retail businesses*

Toronto, Ontario – April 12, 2024 - 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 twelve months ended December 31, 2023. All figures in this press release are stated in Canadian dollars unless otherwise noted.

“In 2023, we took a deliberate approach to advancing our strategy of profitable growth, creating a leaner, more nimble SLANG. As a result, we ended the year with increased gross profit, higher margins, and lower operating expenses which resulted in significantly lower total comprehensive loss and lower adjusted EBITDA loss,” commented John Moynan, Chief Executive Officer of SLANG. “With the fourth quarter historically our seasonally lowest revenue quarter, we took the opportunity to further fortify our business and refine our product offering, which will help us make meaningful progress on the path to profitability.”

Moynan continued, “Throughout 2023, we continued to set ourselves apart from other cannabis players by strategically identifying and advancing opportunities in both our core and emerging markets to build our brand and drive continued financial growth. Initiatives such as our disposable and large-format vaporizers in Colorado, the build-out of our wholesale channel in Vermont, and the expansion of our THC-Free product portfolio have proved successful and will be key contributors to our ongoing growth. Looking to 2024, I believe that we are well positioned to outperform the market as we continue to identify opportunities to increase shareholder value as part of our strategic review.”

### **Full Year 2023 Financial and Operational Summary**

- Revenue from continuing operations for the year ended December 31, 2023 (“FY 2023”) was \$35.68 million, compared with \$38.19 million in the year ended December 31, 2022 (“FY 2022”), representing a 7% decrease year-over-year. The reduction was primarily driven by a decrease of \$2.65 million in our Distribution sales and a decrease of \$1.27 million in Emerging Market sales, partially offset by an increase of \$0.70 million in Core Market sales and an increase of \$0.66 million in e-commerce sales. Within the Core Market segment, the Company experienced growth in Vermont, with sales increasing by \$3.06 million, which is offset by a reduction of \$2.36 million in sales in Colorado.

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<sup>1</sup> See “Non-IFRS Measures”

- Gross profit of \$18.62 million (52% gross margin) in FY 2023, compared with \$16.45 million (43% gross margin) in FY 2022, representing a 13% increase in gross profit and a 9% increase in gross margin year-over-year. Gross profit before fair value of biological assets was \$18.68 million (52% gross margin) in FY 2023, compared with \$17.62 million (46% gross margin) in FY 2022, representing a 6% increase in gross profit and a 6% increase in gross margin year-over-year.
- Operating expenses of \$24.61 million in FY 2023, compared with \$31.33 million in FY 2022, representing a 21% decrease year-over-year. The reduction was primarily driven by a decrease in depreciation and amortization, share based payments, salaries and wages and consulting and subcontractors.
- Total comprehensive loss of \$19.59 million in FY 2023, compared with \$29.65 million in FY 2022, representing a 34% decrease year-over-year. The reduction was primarily driven by a decrease in operating expenses of \$6.73 million and an increase in gross profit of \$2.17 million.
- EBITDA<sup>1</sup> of (\$3.05 million) in FY 2023, compared with (\$8.71 million) in FY 2022. The improvement in EBITDA is primarily attributable to a \$2.14 million increase in gross profit (excluding depreciation costs), and a reduction of \$3.52 million in operating expenses (excluding depreciation) such as share based payments, insurance, salaries and wages, and consulting and subcontractors.
- Adjusted EBITDA<sup>1</sup> of (\$1.90 million) in FY 2023, compared with (\$3.65 million) in FY 2022. The improvement in Adjusted EBITDA is primarily attributable to an increase of \$1.02 million in gross profit before fair value adjustments of biological assets (excluding depreciation costs), and a reduction of \$0.73 million in operating expenses (excluding depreciation expenses, expected credit losses and share based payments).
- \$9.04 million in cash and restricted cash on December 31, 2023, compared to \$11.92 million on December 31, 2022. Additionally, for the twelve months ended December 31, 2023, cash flows used in continuing operating activities was (\$2.62 million), compared to cash flows used in continuing operating activities of (\$3.13 million) for the twelve months ended December 31, 2022, an improvement of \$0.51 million.
- Various SLANG subsidiaries filed for the Employee Retention Tax Credit (“ERTC”)<sup>2</sup> with the Internal Revenue Service (“IRS”) in April 2023. During FY 2023, the Company received \$1.63 million in ERTCs and \$0.09 million in interest on ERTCs.
- In June 2023, the Company launched a new two-gram disposable cartridge in Colorado. For the year ended December 31, 2023, the sales of these products totaled approximately \$1.62 million.
- The Company built a new wholesale revenue stream in Vermont as more Vermont retailers received retail licenses. In FY 2023, wholesale sales to Vermont retailers reached \$1.04 million.

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<sup>2</sup> In March 2020, the Coronavirus Aid, Relief, and Economic Security Act was signed into law, providing numerous tax provisions and other stimulus measures, including the ERTC, a refundable tax credit against certain employment taxes. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021 extended and expanded the availability of the ERTC and the Company qualified for the ERTC in the first three quarters of 2021.

## Recent Corporate Developments

- In January 2024, the Company announced that it launched its vape brand, O.pen, in Arizona through a strategic partnership with Trulieve Cannabis Corp.
- The Company announced in November 2023 that it has retained PGP Capital Advisors, LLC, to assist in a review of its strategic alternatives.
- In October 2023, SLANG launched sales of its O.pen Sesh, an electric dab rig compatible with 510-thread cartridges and concentrates.
- The Company launched its first line of fast-acting cannabis-infused gummies in July 2023 under its Alchemy Naturals all-natural THC gummy brand at dispensaries across Vermont.
- SLANG launched a brand new O.pen product line in July and started selling two-gram delta-8 all-in-one vaporizers in five different strains.

## Fourth Quarter 2023 Financial Summary

- Revenue from continuing operations for the three months ended December 31, 2023 (“Q4 2023”) was \$7.42 million, compared with \$11.78 million for the three months ended December 31, 2022 (“Q4 2022”), representing a 37% decrease year-over-year. The reduction was primarily driven by a decrease of \$4.13 million in Core Market sales and a decrease of \$0.92 million in Distribution sales, partially offset by an increase of \$0.30 million in Emerging Market sales, and an increase of \$0.30 million in e-commerce sales. Within the Core Market segment, the Company experienced sales reductions in Vermont of \$2.47 million, and in Colorado of \$1.66 million.
- Gross profit of \$3.80 million (51% gross margin) in Q4 2023, compared with \$4.70 million (40% gross margin) in Q4 2022, representing a 19% decrease in gross profit and a 11% increase in gross margin year-over-year. Gross profit before fair value of biological assets was \$3.80 million (51% gross margin) in Q4 2023, compared with \$5.70 million (48% gross margin) in Q4 2022, representing a 33% decrease in gross profit and a 3% increase in gross margin year-over-year.
- Operating expenses of \$6.63 million in Q4 2023, compared with \$8.17 million in Q4 2022, representing a 19% decrease year-over-year. The reduction was primarily driven by a decrease in salaries and wages, depreciation and amortization, share based payments, and consulting and subcontractors.
- Total comprehensive loss of \$7.45 million in Q4 2023, compared with \$16.96 million in Q4 2022, representing a 56% decrease year-over-year. The reduction was primarily driven by a decrease of \$14.83 million in impairment and \$1.54 million in operating expenses partially offset by higher financing cost and fair value adjustments of \$7.26 million and a decrease in gross profit of \$0.90 million.
- EBITDA<sup>1</sup> of (\$2.09 million) in Q4 2023, compared with (\$1.82 million) in Q4 2022. The reduction in EBITDA is primarily attributable to a \$1.07 million decrease in gross profit (excluding depreciation costs), offset by a reduction of \$0.81 million in operating expenses (excluding depreciation) such as salaries and wages, consulting and subcontractors, share based payments, and insurance.
- Adjusted EBITDA<sup>1</sup> of (\$1.48 million) in Q4 2023, compared with (\$0.06 million) in Q4 2022. The reduction in Adjusted EBITDA is primarily attributable to a decrease of \$2.07 million in gross profit

before fair value adjustments of biological assets (excluding depreciation costs), offset by a reduction of \$0.65 million in operating expenses (excluding depreciation expenses, expected credit losses and share based payments).

## Full Year 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 twelve months ended December 31, 2023.

(In thousands of Canadian dollars except per share data and percentages)	For the three months ended		For the twelve months ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
<b>Net Operating Revenue From Continuing Operations</b>	<b>7,419</b>	<b>11,777</b>	<b>35,682</b>	<b>38,189</b>
Cost of goods sold	3,618	6,077	17,007	20,566
<b>Gross Profit Before Fair Value Adjustment of Biological Assets</b>	<b>3,801</b>	<b>5,700</b>	<b>18,675</b>	<b>17,623</b>
Realized fair value amounts included in inventory sold	(705)	(1,298)	(2,112)	(2,976)
Unrealized gain on changes in fair value of biological assets	700	293	2,056	1,799
<b>Gross Profit</b>	<b>3,796</b>	<b>4,695</b>	<b>18,619</b>	<b>16,446</b>
<b>Gross Profit Margin</b>	<b>51%</b>	<b>40%</b>	<b>52%</b>	<b>43%</b>
Operating expenses	6,632	8,167	24,606	31,332
<b>Operating Loss</b>	<b>(2,836)</b>	<b>(3,472)</b>	<b>(5,988)</b>	<b>(14,886)</b>
Other items (Impairment, FV adjustment, FX, gains/losses, taxes, etc.)	(4,616)	(13,483)	(13,597)	(14,768)
<b>Total Comprehensive Loss</b>	<b>(7,452)</b>	<b>(16,955)</b>	<b>(19,585)</b>	<b>(29,654)</b>
<b>Earnings Per Share From Continuing Operations</b>				
<b>Basic</b>	<b>(0.05)</b>	<b>(0.15)</b>	<b>(0.10)</b>	<b>(0.29)</b>
<b>Diluted</b>	<b>(0.05)</b>	<b>(0.15)</b>	<b>(0.10)</b>	<b>(0.29)</b>

(In thousands of Canadian dollars except percentages)	For the three months ended		For the twelve months ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
<b>Net Operating Revenue From Continuing Operations</b>	<b>7,419</b>	<b>11,777</b>	<b>35,682</b>	<b>38,189</b>
<b>Cost of Goods Sold</b>	<b>3,618</b>	<b>6,077</b>	<b>17,007</b>	<b>20,566</b>
Realized fair value amounts included in inventory sold	(705)	(1,298)	(2,112)	(2,976)
Unrealized gain on fair value of biological assets	700	293	2,056	1,799
<b>Cost of Goods Sold</b>	<b>3,623</b>	<b>7,082</b>	<b>17,063</b>	<b>21,743</b>
<b>Gross Profit</b>	<b>3,796</b>	<b>4,695</b>	<b>18,619</b>	<b>16,446</b>
Gross Profit Margin	51%	40%	52%	43%
<b>Gross Profit before FV adjustment</b>	<b>3,801</b>	<b>5,700</b>	<b>18,675</b>	<b>17,623</b>
<b>Gross Profit Margin before FV adjustment</b>	<b>51%</b>	<b>48%</b>	<b>52%</b>	<b>46%</b>

(In thousands of Canadian dollars)	For the three months ended		For the twelve months ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
<b>Total Comprehensive Loss</b>	<b>(7,452)</b>	<b>(16,955)</b>	<b>(19,585)</b>	<b>(29,654)</b>
<b>EBITDA (Non-IFRS)</b>	<b>(2,087)</b>	<b>(1,822)</b>	<b>(3,052)</b>	<b>(8,710)</b>
<b>Adjusted EBITDA (Non-IFRS)</b>	<b>(1,478)</b>	<b>(56)</b>	<b>(1,902)</b>	<b>(3,645)</b>

See the Company's management's discussion and analysis for the three and full year ended December 31, 2023 (the "Q4 2023 MD&A") for a detailed reconciliation of EBITDA and Adjusted EBITDA to Operating Income / (Loss). SLANG's financial statements and the Q4 2023 MD&A are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), 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 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.

### **Conference Call Details**

Management plans to host an investor conference call on April 12, 2024 at 10:00 am ET to discuss the results.

**Timing:** Friday, April 12, 2024 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/185029317>

### **About SLANG Worldwide Inc.**

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](#).

To be added to SLANG's email distribution list, please email [SLNG@kcsa.com](mailto:SLNG@kcsa.com) with "SLNG" in the subject.

### **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 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 Q4 2023 MD&A and other disclosure documents available on the Company's profile on SEDAR+ at [www.sedarplus.ca](http://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.

### **Reader Advisory**

Neither the Canadian Securities Exchange nor the Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

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