SLANG WORLDWIDE

SLANG Worldwide Announces Q2 2019 Financial Results

- Delivered Q2 2019 revenue of $7.2 million; a 44% increase over full quarter Q1 2019 revenue of $5.0 million
- Q2 2019 pro forma revenue of $22.0 million which includes the impact of previously announced acquisitions and investments (1)
- Sold over 1.1 million branded units sold, containing 74 million branded servings, up by 16% and 45%, respectively, over Q1 2019
- Q2 2019 gross profit of $3.3 million, versus negative $0.2 million in Q1 2019
- Q2 2019 Adjusted EBITDA loss of $1.6 million versus Q1 2019 Adjusted EBITDA loss of $1.0 million
- Q2 2019 net income of $17.5 million versus Q1 2019 net loss of $16.1 million driven by derivative valuations
- Executed on CPG-driven, capital-light strategy by launching new products and expanding the SLANG partner network into new markets; multiple SLANG brands continued to be ranked among the highest selling cannabis products in the most competitive markets.
- Full year 2019 revenue outlook revised to reflect changing business conditions

TORONTO, August 27, 2019 -- SLANG Worldwide Inc. (CNSX: SLNG), (Frankfurt: 84S), ("**SLANG**" or the "**Company**"), today announced that it has filed its financial results for the three and six months ended June 30, 2019. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All figures are stated in Canadian dollars unless otherwise noted.

"We saw significant momentum across our business and delivered strong growth in revenue and unit sales in Q2 over the previous three months. Through each deal and initiative we announced in the quarter, we adhered to the capital-light model that we believe delivers the best value for our shareholders," said SLANG CEO Peter Miller. "Global cultural, political and commercial tailwinds represent a huge organic growth opportunity for our brands. We will responsibly scale into this opportunity, continuing to focus on building a great team and the right assets to efficiently and competitively deliver our products to market. We continue to see strong organic growth opportunities for the remainder of 2019 and beyond, and remain optimistic about the outlook for the business."

Key Financial and Operational Highlights

Financial Highlights:

- Q2 2019 revenue of $7.2 million represents a sequential increase of 44% over the full quarter revenue of $5.0 million during Q1 2019, and a 79% increase over the reported Q1 2019 revenue of $4.0 million; The increase reflects inclusion of a full quarter of operations, sequential growth in Nevada and Oregon, positive changes in product mix, the initiation of sales of the Firefly 2+ vaporizer as well as the Company's first sales in Florida and Puerto Rico

- Q2 2019 pro forma revenue of $22.0 million which includes the impact of the previously announced proposed acquisitions, investments, and the exercise of options to own assets within the SLANG Network(1)

- Q2 2019 gross profit of $3.3 million (45% margin) compared to unadjusted negative $0.2 million in Q1 2019 reflects positive impact from growth in volumes. Elimination of one-time inventory adjustment in Q1 2019 results in adjusted gross profit of $2.2 million

- Q2 2019 adjusted EBITDA loss of $1.6 million, compared with an adjusted EBITDA loss of $1 million in Q1 2019.

- Net income of $17.5 million in Q2 2019 compared with a net loss of $16.1 million for Q1 2019. The difference reflects the positive impact of the reduction of non-recurring start-up, financing and professional services costs, as well as a fair value adjustment to the options to acquire NS Holdings Inc. ("NSH") and Allied Concessions Group ("ACG") (the balance of the Organa Brands business), offset by costs related to the Company's corporate and reporting activity during the quarter.

- $18 million of cash and cash equivalents at the end of the quarter is sufficient to fund current operations.

Operational Highlights:

- Established SLANG Health & Wellness, a new wellness-focused business division on May 2, 2019. The new business unit is focused on developing and marketing the Company's portfolio of plant-based cannabidiol ("CBD") products that are distributed in partnership with Greenlane Holdings, Inc. (NASDAQ: GNLN) through its extensive distribution network. SLANG Health & Wellness launched its first product (Reserve CBD) in June.

- Launched the latest line of premium Firefly vaporizer products, including the Firefly 2+ (a standalone dry-herb and extract vaporizer) and the Firefly Mini (a disposable concentrate vape). The Firefly 2+ launched on May 23, 2019 nationwide in partnership with Greenlane, while the Firefly Mini was piloted in Colorado in June.

- Announced entry into Oklahoma via new strategic partnership with Elite Cultivation LLC

- Announced entry into Europe, starting with Greece, via an agreement with Global Cannabis Corp. on July 22, 2019

- On May 21, 2019, SLANG's Canadian investee, Agripharm Corp., secured one of the country's first outdoor cannabis production licenses, further bolstering SLANG's Canadian supply chain with potential access to low-cost material.

Key Performance Indicators in Q2 2019:

- **1.1 million branded units sold** — Branded unit volumes have increased by 16% over Q1 2019 following the start of sales in Florida, and growth in Nevada and Oregon.

- **Nearly 74 million branded servings (average of 800,000+ servings per day)** — Branded servings grew by 45% in the quarter versus Q1 2019. Percentage growth in branded servings significantly outpaced growth in branded units as product mix shifted towards higher volume form factors.

- **2,600+ retail stores across 12 states selling SLANG's branded products** — SLANG commenced sales in Florida during the quarter and announced several agreements to initiate sales in additional high quality cannabis markets. The Company will continue to leverage its extensive distribution network and corporate development activity to grow its business through the balance of 2019.

Brand Performance in Q2 2019

SLANG's brands continued to produce market leading positions across multiple product categories and territories in Q2 2019.

O.penVAPE
- #1 Vape Colorado
- #1 Vape New Mexico
- #1 Vape Vermont
- #2 Vape in Nevada
- #9 Vape in Oregon
- #2 selling cannabis brand of all time with over USD $300 million in cumulative retail sales to-date and, through Q2 YTD

District Edibles
- #2 Gummy in Nevada
- #6 Gummy in California
- #6 Gummy in Colorado

Bakked
- #2 Distillate in Arizona
- #2 Distillate in California
- #2 Distillate in Vermont
- #4 Distillate in Oregon

Pressies
- #3 Pill in Colorado

Hellavated (Arbor Pacific)
- Among the top 10 highest selling vape SKUs in Washington and Oregon in Q2 2019

Avitas (Arbor Pacific)
- #5 selling vape in Oregon in Q2 2019

Sources: BDS Analytics, Headset, proprietary POS data

Corporate Development Update:

- The Company previously announced its intention to exercise its options to acquire the remaining assets of Organa Brands (NSH and ACG), subject to the terms and conditions of the applicable option agreements.

- Announced proposed acquisition of Arbor Pacific, Inc. ("Arbor") on April 16, 2019. Arbor is a leading producer of branded cannabis products. Arbor's product portfolio includes a mix of branded offerings that span the vaporizer, flower and CBD product categories. Arbor's Avitas and Hellavated brands are among the highest selling cannabis brands in the Pacific Northwest, with multiple products regularly listed among the top 10 best-selling vape SKUs in Washington state, according to Headset.

- On May 14, 2019, the Company announced the proposed acquisition of LBA Global Corporation ("LBA") including its Lunchbox Alchemy brand portfolio and distribution subsidiary Hydra Distribution. The proposed transaction will bolster SLANG's position in the Pacific Northwest by adding a complementary portfolio of top-selling products in Oregon and California and robust supply chain and distribution capabilities.

- The Company is proceeding with regulatory approvals and final due diligence with an expectation of completing each of these transactions by the end of the calendar year.

Capital Markets and Financing Activity:

- Announced on May 24, 2019 that the Company's warrants originally issued on July 23, 2018 would have their expiry date accelerated to June 28, 2019, in accordance with their terms. Overall, nearly 13.2 million of the warrants were exercised, representing 98% of the warrants originally issued, resulting in aggregate proceeds of $10.2 million to the Company.

Updated 2019 Full Year Outlook

The Company has updated its outlook for the 2019 fiscal year. SLANG anticipates significant growth over the next 6-12 months, with the timing of the close of acquisitions likely to be the largest single factor in annualized revenues by year-end. Previous targets were provided on the basis of certain expectations that have since been revised including the following:

- First, the Company expected that edible and vape sales would commence in Canada in October. Subsequent to providing the original outlook, applicable regulations were released, and we now believe mid-December will be the timing for these products coming to market. Given SLANG's portfolio strength is in vapes and edibles, the delay has an impact on our outlook as we expect Canada to be a strong market.
- Secondly, management has made strategic decisions to focus on growth in mature markets where our brands are currently performing well, and to slow down growth initiatives in certain emerging markets, primarily Massachusetts and Michigan. These markets have been developing at a slower pace than anticipated and are currently facing supply constraints. While management believes these markets offer significant longer-term opportunities for the SLANG brands, further investment in growth initiatives in the current environment would put pressure on margins and profitability.
- Thirdly, the Company has decided to delay certain product releases in order to further consolidate market share gains being achieved by its existing products.

While each of these three initiatives are expected to contribute to the Company's growth in 2020, the decisions to focus on sustainable and profitable growth will impact annualized revenues in 2019.

Expectations have been revised to $70-$100 million on a full year annualized basis for 2019 with 50-60% gross margins (relative to the previous outlook of $130-$160 million at 50-60% margins) and reflects a more conservative approach. This includes an outlook for revenue and gross margin projections including consolidation of portions of our brand licensees (the "**SLANG Network**") via option exercise (ACG and NSH) as well as completion of previously announced acquisitions.

Q2 2019 Financial Review

The consolidated financial statements were prepared in accordance with IFRS. All figures are stated in Canadian dollars unless otherwise noted. The acquisitions of Firefly and National Concessions Group, Inc. were completed on January 22, 2019. Operations were fully consolidated from that date.

The following is selected presentation of the Income Statement for the quarter April 1, 2019 to June 30, 2019 and the comparable quarter in 2018:

	June 30, 2019	**June 30, 2018**
(In thousands except per share data and percentages)	**CDN**	**CDN**
NET OPERATING REVENUE	**$ 7,194**	**$ 440**
Cost of goods sold (1)	3,927	0
GROSS PROFIT	**3,267**	**440**
GROSS PROFIT MARGIN	**45%**	**100%**
Operating expenses	12,859	2,554
OPERATING (LOSS)	**(9,592)**	**(2,115)**
Other items (Impairment, FV adjustment, etc.)	27,156	(11,096)
Gain / (Loss) Before Income Taxes	**17,489**	**(13,210)**
Income taxes	(6)	0
NET INCOME / (LOSS) FOR PERIOD	**17,482**	**(13,210)**
Exchange on translation of foreign operations	(3,142)	(90)
TOTAL COMPREHENSIVE INCOME / (LOSS)	**$ 14,340**	**$ (13,300)**
EARNINGS PER SHARE		
Basic	**$ 0.08**	**$ (0.18)**
Diluted	**$ 0.06**	**$ (0.18)**

Gross Margin

The Company generated a 45% gross margin in the quarter ended June 30, 2019. During the period, there was an increase in import costs of products coming from China, which negatively impacted our previously stated 56% normalized gross margin in the quarter ended March 31, 2019. Product mix and market segmentation of sales will impact gross margin.

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Below is the normalized gross profit margin from operations, for the 3 months ended June 30, 2019:

3-months ending:	June 30, 2019	March 31, 2019
(In thousands except per share data and percentages)	CDN	CDN
Net Operating Revenue	**$ 7,194**	**$ 4,006**
Cost of goods sold	3,927	4,230
Inventory fair value adjustment	0	(2,449)
Adjusted Gross Profit	**$ 3,267**	**$ 2,225**

Non-IFRS Measures

EBITDA, Adjusted EBITDA, Branded Unit volume and Branded Servings volume 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. See the heading "Operations Overview – Branded Volume" in the Company's Q2 2019 MD&A for a description of how each of Branded Unit volume and Branded Servings volume is calculated. This data is furnished to provide additional information and is a non-IFRS measure and does 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.

	June 30, 2019
(In thousands except per share data and percentages)	CDN
TOTAL COMPREHENSIVE INCOME	**$ 14,340**
EBITDA	**(2,068)**
ADJUSTED EBITDA	**$ (1,633)**

See the Company's Q2 2019 MD&A for a detailed reconciliation of EBITDA and Adjusted EBITDA to Total Comprehensive Income / (Loss).

SLANG's Q2 2019 Financial Statements and Management's Discussion and Analysis will be filed on SEDAR at www.sedar.com, and on the Company's Investor Relations website at www.slangww.com.

Conference Call

The Company will hold a conference call at 8:30 a.m. EDT on Wednesday, August 28, 2019 to discuss the Company's Q2 2019 financial results.

Dial-in:	888.231.8191 (toll free) or (+1) 647.427.7450 (local or international calls)
Webcast:	A live webcast can be accessed from the Investors section of Company's website at www.slangww.com or at this link.
	An archive of the webcast will be available on the Company's website for one year.
Slides:	An investor presentation to accompany management's remarks will be available on the Company's website and on the webcast page.
Replay:	An audio replay of the call will be available for seven days at (+1) 855.859.2056, passcode 3195615.

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About SLANG Worldwide Inc.

SLANG Worldwide Inc. is a leading cannabis-focused consumer packaged goods company. The Company is focused on acquiring and developing market-proven regional brands, as well as creating new brands to meet the needs of cannabis consumers worldwide. SLANG is listed on the Canadian Securities Exchange under the ticker symbol SLNG and on the Frankfurt Stock Exchange under the trading symbol 84S. For more information, please visit www.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, including those reference in “Updated 2019 Full Year Outlook” herein, and “2019 Growth Catalysts” in the Company’s management discussion & analysis for the period ending June 30, 2019, 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, 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 final long form prospectus dated January 17, 2019 and “Risks and Uncertainties” in the management discussion and analysis for the year ended December 31, 2018 and six months ended June 30, 2019, each as filed on SEDAR at 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 Outlooks

This press release contains financial outlooks within the meaning of applicable Canadian securities laws. The financial outlook has been prepared by management of SLANG to provide an outlook for fiscal 2019 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 “Updated 2019 Full Year Outlook” herein, and “2019 Growth Catalysts” in the Company’s management discussion & analysis for the period ending June 30, 2019 and assumptions with respect to certain proposed acquisitions. The actual results of the Company’s operations for any period will likely vary from the amounts set forth herein 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.

(1) Pro Forma Financial Information

This press release contains references to pro forma financial information, including with respect to pro forma revenues. Pro forma revenues include the revenue for the three month period ended June 30, 2019 for each of Arbor, LBA, NSH and ACG. Such proposed acquisitions include the previously announced proposed acquisitions of Arbor and LBA, as well as the exercise of options to acquire the remaining Organa Brands businesses, NSH and ACG. These acquisitions cannot be consolidated, in the case of NSH and ACG, because such acquisitions are under option and, in the case of Arbor and LBA, because such acquisitions have not yet closed. Pro forma revenues do not include anticipated costs and expenses to generate such revenue. Completion of the proposed acquisitions of Arbor and LBA and the exercise of the Company's option and subsequent acquisition of NSH and ACG is subject to, among other things, the negotiation and execution of definitive acquisition agreements and related documents and the satisfaction or waiver of any conditions precedent to the consummation of such acquisitions (including the receipt of any requisite regulatory and third-party approvals).

The Company believes the pro forma results presented provide relevant and useful information for investors because they clarify the Company's actual operating performance, make it easier to compare the Company's results with those of other companies and allow investors to review performance in the same way as the Company's management. Since these measures are not calculated in accordance with IFRS, they should not be considered in isolation of, or as a substitute for, our reported results as indicators of the Company's performance, and they may not be comparable to similarly named measurements from other companies.

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