SLANG Worldwide Announces Third Quarter 2020 Financial Results

Company secures $5 million equity financing from existing institutional shareholders to strengthen balance sheet and enhance continued growth

- Q3 2020 revenue of $7.9 million increased 73% sequentially over Q2 2020 revenue of $4.6 million, driven by continued strong demand across the Company's core and emerging markets.
- Reported positive Adjusted EBITDA for the first time as a public company.
- Company expects strong performance to continue through the fourth quarter of 2020.
- Concurrently announced a $5.0 million non-brokered private placement, led by the Company's largest institutional investors; structured with no debt or warrants to limit dilution, strengthening balance sheet while accelerating growth and momentum.

TORONTO, November 30, 2020 -- 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, 2020. Additionally, the Company announced a non-brokered private placement for aggregate gross proceeds of $5.0 million. All figures in this press release are stated in Canadian dollars unless otherwise noted.

"Demand in our core markets has not only recovered to the pre-COVID level, but surpassed it," said SLANG President & CEO Chris Driessen. "We are in a better position than ever to capitalize, with an ever-growing portfolio of products and brands and the addition of new strategic partners in key emerging markets. Most importantly, our recent acquisitions create opportunities for meaningful further growth in revenues and margins."

Key Financial and Operational Highlights

Q3 2020 Financial Highlights

- Q3 2020 revenue of $7.9 million increased by 73% compared to $4.6 million in Q2 2020. The primary driver of sequential growth was a rebound in demand in the Company's core markets of Colorado and Oregon. Similar strength in the Company's emerging markets also contributed to sequential growth, as did the successful launch of new products.
- Gross profit of $4.0 million (50% gross margin) in Q3 2020 increased by 40% over the $2.8 million (62% gross margin) reported in Q2 2020. The gross margin percentage declined compared to Q2 2020 primarily due to normal fluctuations in product mix.
- Adjusted EBITDA of $57,000 was the Company's first-ever EBITDA-positive quarter and compares to an adjusted EBITDA loss of $1.8 million in Q2 2020. The improvement reflects the realization of cost reductions from streamlining initiatives implemented over the past several quarters.

- $5.5 million of cash and cash equivalents at September 30, 2020, compared to $11.1 million at June 30, 2020. Subsequent to quarter-end, the Company secured an additional $5.0 million through a non-brokered private placement financing anticipated to close imminently.

"We are very pleased to announce this financing, which will support near-term growth opportunities and help the business maintain its current momentum," said SLANG Executive Chairman Peter Miller. "The structure and terms of this financing demonstrate a strong alignment of interests between SLANG and its largest institutional shareholders."

"We continue to be optimistic about the Company's trajectory as our previously announced acquisitions close and mark the beginning of our transformation into a plant touching business. The consolidation of these supply chain assets in our core markets of Colorado and Oregon is expected to have a positive impact on both revenue and profit in subsequent quarters," added Mr. Driessen.

Operational Highlights

- **Path to Profitability:** The Company is accelerating down the path to profitability as evidenced by its first cash flow positive month in June and now its first positive adjusted EBITDA quarter. As supply chain asset acquisitions close and related financial results are recognized, it is expected that the Company's financial performance will continue to improve in regard to profit and revenue realized from the sale of cannabis in core markets.
- **Strategic Partnerships & Emerging Market Expansion:** The Company is continuing to recalibrate or strengthen relationships in emerging markets to provide for sustainable and profitable growth. Recent highlights include:
    - **California**: The Company entered into a Strategic Partnership with Natura Life + Science ("**Natura**"). This partnership allows the Company to reenter the California market in a profitable way. The size and scope of the infrastructure at Natura's Sacramento facility allows for multiple product lines to be produced in volumes sufficient to support the California market, the largest in the United States. Products, beginning with District Edibles (the previous best-selling gummy in CA), are expected to be available in Q1 2021.
    - **Massachusetts**: The Company entered into a Strategic Partnership with Trulieve Cannabis Corp. ("**Trulieve**") to supply branded products to the MA market. This is the second market in which SLANG and Trulieve will partner, building on the success that both companies have enjoyed in the Florida market. Massachusetts will mark the first time that both companies can partner on wholesale initiatives, which is a SLANG core competency. Products are expected in summer 2021.
    - **Florida**: SLANG products continue to be sold at all Trulieve locations in Florida. The Company expects District Edibles gummies in both sweet and sour formulations to be available in Q4 2020.
    - **Canada**: SLANG's minority-owned licensed producer, Agripharm Corp. began selling branded products in British Columbia and also signed a supply agreement with the Province of Ontario.

- **Michigan**: SLANG's Strategic Partnership with Gage Cannabis is expected to bring branded products to the Michigan market in Q2 2021.
- **Oklahoma**: SLANG products are now available in over 50 stores in the Oklahoma market. The Company expects District Edibles gummies in both sweet and sour formulations to be available in Q4 2020.

- **Product Diversification:** Continuing to bring new product SKUs to market in 2020 through the launch of additional brands in new product verticals and the expansion of existing product lines, the Company introduced Bakked Gyro live resin dabbing solution in October, O.penVAPE-branded Craft RESERVE Live Resin cartridges in August, and Cookies-branded "Terp Sauce" cartridges in July, all in the Colorado market.
- **Brand Leadership:** SLANG's brands continued to earn market-leading positions in its core markets in the third quarter of 2020. Highlights include: Open.VAPE ranked as the #1 vape cartridge in Colorado and #13 in Oregon; Firefly Mini was the #4 disposable vaporizer in Colorado; Bakked was the #4 dabbable distillate in Oregon and #5 in Colorado; District Edibles was the #14 gummy in Colorado; Pressies was the #4 pill in Colorado. (Source: BDSA.)
- **Key Performance Indicators**: 597,000 Branded Units sold in Q3 2020, an increase of 21% over Q2 2020; 57 million Branded Servings sold in Q3 2020 (average of approximately 632,000 servings per day), an increase of 30% compared to Q2 2020.

Corporate Development Update

- In August 2020, the Company's application for suitability was approved by the Colorado Department of Revenue's Marijuana Enforcement Division, enabling the Company to execute on its core market strategy of consolidating its Colorado supply chain through the acquisition of "plant-touching" operations in the state.
- On September 3, 2020, the Company acquired Peoria Partners LLC ("**Peoria**"), a Colorado-licensed manufacturer and distributor of cannabis products.
- On September 29, 2020, the Company announced that it had entered into an agreement to acquire Colorado-licensed cannabis cultivator Pleasant Valley Ranch, LLC ("**Pleasant Valley**"). The Company anticipates that ownership of a cultivation operation will provide greater assurance of a supply of raw materials in the growing Colorado market, while also reducing its input costs and thereby improving gross margins.
- On October 1, 2020, the Company completed the key step in the consolidation of its Oregon supply chain with the closing of the previously announced acquisition of Lunchbox Global, LLC ("**LBA**").

Outlook

"We are starting to see the results of our key strategic initiatives over the past year, highlighted by a stronger focus on our core markets, a strengthening of partnerships in our emerging markets, product innovation and a realignment of our cost structure," said SLANG President & CEO Chris Driessen. "We expect to build on our recent momentum in the fourth quarter and into 2021. Our recent and proposed acquisitions in our core markets will enable us to capture a much greater share of unit economics, and we expect this to deliver significant value to our stakeholders."

The Company anticipates that the market strength experienced in the third quarter will continue through the fourth quarter of 2020. In addition, the Company expects to realize incremental growth in revenue and gross profit as a result of the successful execution of its strategy of consolidating the supply chain and shifting towards a wholesale model in its core markets. In the fourth quarter of 2020, the Company will recognize a full quarter of results from its Peoria and LBA acquisitions. Similarly, in fiscal 2021, contingent upon the completion of the proposed acquisitions of Allied Concession Group ("**ACG**") and Pleasant Valley, the Company anticipates recognizing further incremental revenue and gross profit in its core markets.

Announcement of $5.0 million Private Placement

SLANG has announced today a non-brokered private placement financing (the "**Financing**") for aggregate gross proceeds of approximately $5 million. Pursuant to the Financing, the Company will issue 18,518,518 common shares ("**Shares**") at a price of $0.27 per Share. Investors include the Company's longest-standing, and largest institutional investors. The terms and structure of this financing demonstrate the investors' ongoing support and long-term view on the business. The Company intends to use the proceeds of the private placement to support strategic growth opportunities. The Financing is expected to close imminently.

Conference Call

The Company will hold a conference call at 10:00 a.m. EST on Monday, November 30, 2020 to discuss the Company's Q3 2020 financial results.

Dial-in: 833.529.0214 (toll free) or (+1) 647.689.6824 (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.

A replay of the webcast will be archived on the Company's website for one year.

Q3 2020 Financial Review

The consolidated financial statements were prepared in accordance with IFRS.

The following is selected presentation of the Income Statement for the quarters ended September 30, 2020 and September 30, 2019:

	Three Months Ended:	
	September 30, 2020	**September 30, 2019 (Amended)**
(In thousands except per share data and percentages)	**CDN**	**CDN**
NET OPERATING REVENUE	**$ 7,902**	**$ 9,314**
Cost of goods sold	3,939	4,723
GROSS PROFIT	**3,963**	**4,591**
GROSS PROFIT MARGIN	**50%**	**49%**
Operating expenses	9,692	15,058
OPERATING (LOSS)	**(5,729)**	**(10,467)**
Other items (Impairment, FV adjustment, FX, gains/losses, deferred tax recovery, etc.)	218	(14,640)
TOTAL COMPREHENSIVE INCOME / (LOSS)	**(5,947)**	**4,173**
EARNINGS PER SHARE		
Basic	**$ (0.02)**	**$ 0.01**
Diluted	**$ (0.02)**	**$ (0.04)**

Gross Margin

The Company generated a 50% gross margin in the quarter ended September 30, 2020, up slightly from a gross margin of 49% in Q3 2019 despite the decrease in revenue. The margin improvement was driven in part by an increasing emphasis on higher-margin licensing sales.

Below is the gross profit margin from operations for the quarters ended September 30, 2020 and September 30, 2019:

	Three Months Ended:	
	September 30, 2020	**September 30, 2019**
(In thousands except per share data and percentages)	**CDN**	**CDN**
Net Operating Revenue	**$ 7,902**	**$ 9,314**
Cost of goods sold	3,939	4,723
Gross Profit	**3,963**	**4,591**
Gross Profit Margin	**50%**	**49%**

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 management's discussion and analysis for the quarter ended September 30, 2020 (the "**Q3 2020 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 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.

	Three Months Ended September 30, 2020	**Three Months Ended September 30, 2019**
(In thousands except per share data and percentages)	**CDN**	**CDN**
TOTAL COMPREHENSIVE INCOME / LOSS	**$ (5,947)**	**$ 4,173**
Adjustment to EBITDA	**(4,111)**	**(4,950)**
ADJUSTED EBITDA	**57**	**(1,622)**

See the Company's Q3 2020 MD&A for a detailed reconciliation of EBITDA and Adjusted EBITDA to Operating Income / (Loss). SLANG's financial statements and MD&A for the three months ended September 30, 2020 are available on SEDAR at www.sedar.com, and on the Company's Investor Relations website at www.slangww.com.

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About SLANG Worldwide Inc.

SLANG Worldwide Inc. is a global leader in the cannabis CPG sector with a diversified portfolio of popular brands distributed across the United States. The Company specializes in acquiring and developing market-proven regional brands as well as launching innovative new brands to seize global market opportunities. SLANG is listed on the Canadian Securities Exchange under the ticker symbol SLNG and on the OTCQB under the symbol SLGWF. 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 in this news release include statements regarding the Company's expected performance in the fourth quarter of 2020, the distribution of the Company's products in emerging markets and the Company's proposed acquisitions of ACG and Pleasant Valley.

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 final long form prospectus dated January 17, 2019 and "Risks and Uncertainties" in the Q3 2020 MD&A, 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.

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.

The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release.

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