

January 14, 2025



# Rocky Mountain Chocolate Factory Reports Fiscal Third Quarter 2025 Financial Results

*- Company to Host Conference Call Today at 5:00 p.m. ET -*

DURANGO, Colo., Jan. 14, 2025 (GLOBE NEWSWIRE) -- Rocky Mountain Chocolate Factory Inc. (Nasdaq: RMCF) (the "Company", "we", or "RMCF"), an international franchisor and producer of premium chocolates and other confectionery products including gourmet caramel apples, is reporting financial and operating results for its fiscal third quarter ended November 30, 2024.

"We continue to make progress in strengthening RMCF's foundation for long-term success," said Jeff Geygan, Interim CEO of RMCF. "We have been focused on improving the Company's liquidity, rebuilding a strong executive team, expanding our franchise network, and returning RMCF to sustainable growth and profitability. While there is more to do, I am pleased to report that we are executing across multiple fronts.

"During the quarter, we secured a three-year \$6 million credit agreement to replace our prior facility, invest further in equipment and machinery, and fund growth initiatives. We also made key hires in franchise support and marketing while adding two prominent executives to our Board. Further, in November we announced plans for two new stores and a kiosk location across three U.S. markets.

"After quarter-end, we had a strong holiday season where we effectively fulfilled all franchisee and specialty market demand. And in January, we launched our new ERP system, which is an important investment to enhance operational visibility and decision making across the organization. We believe this new system will drive efficiencies over time, particularly in managing supply and labor costs that affected margins during our fiscal third quarter."

Geygan added, "Looking ahead to calendar 2025, we are taking decisive action to address inefficiencies in our business and position RMCF for growth and profitability. With a stronger balance sheet, a growing franchise pipeline, and investments in our operating infrastructure, we are laying the groundwork to execute our strategic initiatives with discipline and focus. We believe these efforts will position RMCF to deliver long-term value for our franchisees, customers and shareholders."

## **Fiscal Third Quarter 2025 Financial Results vs. Year-Ago Quarter**

- Total revenue for the third quarter of 2025 increased to \$7.9 million compared to \$7.7 million in the year-ago quarter.

- Total product and retail gross profit was essentially flat at \$0.7 million for the third quarter of 2025 compared to the year-ago quarter. Gross margin was 10.0% for the third quarter of 2025 compared to 10.2% for the year-ago quarter. The decrease in gross margin was primarily driven by higher supply and labor costs.
- Total Costs and Expenses increased to \$8.6 million compared to \$8.5 million in the year-ago quarter.
- Net loss for the third quarter 2025 was \$0.8 million or \$(0.11) per share, compared to net loss of \$0.8 million or \$(0.12) per share in the year-ago quarter.
- Adjusted EBITDA (a non-GAAP measure defined below) improved to \$41,000 compared to \$(0.3) million in the year-ago period.

## **Conference Call Information**

The Company will conduct a conference call today at 5:00 p.m. Eastern time to discuss its financial results. A question-and-answer session will follow management's opening remarks. The conference call details are as follows:

Date: Tuesday, January 14, 2025

Time: 5:00 p.m. Eastern time

Dial-in registration link: [here](#)

Live webcast registration link: [here](#)

Please dial into the conference call 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact the Company's investor relations team at [RMCF@elevate-ir.com](mailto:RMCF@elevate-ir.com).

The conference call will also be broadcast live and available for replay in the investor relations section of the Company's website at <https://ir.rmcf.com/>.

## **About Rocky Mountain Chocolate Factory, Inc.**

[Rocky Mountain Chocolate Factory, Inc.](#) is an international franchiser of premium chocolate and confection stores, and a producer of an extensive line of premium chocolates and other confectionery products, including gourmet caramel apples. Headquartered in Durango, Colorado, Rocky Mountain Chocolate Factory is ranked among Entrepreneur's Franchise 500® and Franchise Times' Franchise 400® for 2024. The Company and its franchisees and licensees operate nearly 260 Rocky Mountain Chocolate stores across the United States, with several international locations. The Company's common stock is listed on the Nasdaq Global Market under the symbol "RMCF."

## **Non-GAAP Financial Measures**

To supplement the Company's consolidated financial statements, which are prepared and presented in accordance with GAAP, the Company provides investors with certain non-GAAP financial measures, such as Adjusted EBITDA. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

This non-GAAP financial measure may have limitations as an analytical tool, and this

measure should not be considered in isolation or as a substitute for analysis of results as reported under GAAP. Management uses Adjusted EBITDA because it believes that Adjusted EBITDA provides additional analytical information on the nature of ongoing operations excluding expenses not expected to recur in future periods, non-cash charges and variations in the effective tax rate among periods. Management believes that Adjusted EBITDA is useful to investors because it provides a measure of operating performance and its ability to generate cash that is unaffected by non-cash accounting measures and non-recurring expenses. However, due to these limitations, management uses Adjusted EBITDA as a measure of performance only in conjunction with GAAP measures of performance such as income/loss from continuing operations and net income.

The Company is not providing a reconciliation for future expectations of Adjusted EBITDA due to the volatility of certain required inputs that are not available without unreasonable efforts.

### **Forward-Looking Statements**

This press release includes statements of our expectations, intentions, plans and beliefs that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to come within the safe harbor protection provided by those sections. These forward-looking statements involve various risks and uncertainties. The statements, other than statements of historical fact, included in this press release are forward-looking statements. Many of the forward-looking statements contained in this document may be identified by the use of forward-looking words such as "will," "intend," "believe," "expect," "anticipate," "should," "plan," "estimate," "potential," or similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future - including statements expressing general views about future operational performance, financial results and execution of the Company's strategic plan - are forward-looking statements. Management of the Company believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date of this press release. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause our Company's actual results to differ materially from historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to: inflationary impacts, changes in the confectionery business environment, seasonality, consumer interest in our products, receptiveness of our products internationally, consumer and retail trends, costs and availability of raw materials, competition, the success of our co-branding strategy, the success of international expansion efforts and the effect of government regulations. For a detailed discussion of the risks and uncertainties that may cause our actual results to differ from the forward-looking statements contained herein, please see the section entitled "Risk Factors" contained in our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, each filed with the Securities and Exchange Commission.

## Investor Contact

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**Rocky Mountain Chocolate Factory, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
*(In thousands, except share and per share amounts)*  
**(Unaudited)**

	November 30, 2024 (unaudited)	February 29, 2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,089	\$ 2,082
Accounts receivable, less allowance for credit losses of \$383 and \$332, respectively	4,100	2,184
Notes receivable, current portion, less current portion of the allowance for credit losses of \$2 and \$30, respectively	40	489
Refundable income taxes	63	46
Inventories	5,722	4,358
Other	256	443
Total current assets	11,270	9,602
<b>Property and Equipment, Net</b>	8,071	7,758
<b>Other Assets</b>		
Notes receivable, less current portion and allowance for credit losses of \$28 and \$0, respectively	51	695
Goodwill	576	576
Intangible assets, net	215	238
Lease right of use asset	1,352	1,694
Other	99	14
Total other assets	2,293	3,217
<b>Total Assets</b>	<u>\$ 21,634</u>	<u>\$ 20,577</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,083	\$ 3,411
Line of credit	-	1,250
Accrued salaries and wages	811	1,833
Gift card liabilities	628	624
Other accrued expenses	183	301
Contract liabilities	140	150
Lease liability	494	503
Total current liabilities	4,339	8,072
Note payable	6,000	-
Lease Liability, Less Current Portion	861	1,191
Contract Liabilities, Less Current Portion	600	678
<b>Total Liabilities</b>	11,800	9,941
<b>Commitments and Contingencies</b>		
<b>Stockholders' Equity</b>		
Preferred stock, \$.001 par value per share; 250,000 authorized; 0 shares issued and outstanding	-	-
Common stock, \$.001 par value, 46,000,000 shares authorized, 7,667,264 shares and 6,306,027 shares issued and outstanding, respectively	8	6
Additional paid-in capital	12,319	9,896
Retained earnings (accumulated deficit)	(2,493)	734
Total stockholders' equity	9,834	10,636
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 21,634</u>	<u>\$ 20,577</u>

**Rocky Mountain Chocolate Factory, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
*(In thousands, except per share amounts)*  
**(Unaudited)**

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2024	2023	2024	2023
<b>Revenues</b>				
Sales	\$ 6,719	\$ 6,421	\$ 16,916	\$ 16,453
Franchise and royalty fees	1,174	1,276	3,764	4,238
Total Revenue	7,893	7,697	20,680	20,691
<b>Costs and Expenses</b>				
Cost of sales	6,044	5,769	15,980	15,159
Franchise costs	616	577	2,109	1,870
Sales and marketing	272	572	840	1,487
General and administrative	1,427	1,333	4,288	4,952
Retail operating	171	186	564	451
Depreciation and amortization, exclusive of depreciation and amortization expense of \$211, \$188, \$598 and \$541, respectively, included in cost of sales	63	36	143	99
Total costs and expenses	8,593	8,473	23,924	24,018
<b>Loss from Operations</b>	(700)	(776)	(3,244)	(3,327)
<b>Other Income (Expense)</b>				
Interest expense	(160)	(11)	(258)	(24)
Interest income	7	30	21	68
Gain on disposal of assets	6	-	254	-
Other income (expense), net	(147)	19	17	44
<b>Loss Before Income Taxes</b>	(847)	(757)	(3,227)	(3,283)
<b>Income Tax Provision (Benefit)</b>	-	-	-	-
<b>Loss from Continuing Operations</b>	(847)	(757)	(3,227)	(3,283)
<b>Discontinued Operations</b>				
Earnings from discontinued operations, net of tax	-	-	-	69
Gain on disposal of discontinued operations, net of tax	-	-	-	635
<b>Earnings from discontinued operations, net of tax</b>	-	-	-	704
<b>Net Loss</b>	<u>\$ (847)</u>	<u>\$ (757)</u>	<u>\$ (3,227)</u>	<u>\$ (2,579)</u>
<b>Basic Loss per Common Share</b>				
Loss from continuing operations	\$ (0.11)	\$ (0.12)	\$ (0.47)	\$ (0.51)
Earnings from discontinued operations	-	-	-	0.11
Net loss	<u>\$ (0.11)</u>	<u>\$ (0.12)</u>	<u>\$ (0.47)</u>	<u>\$ (0.40)</u>
<b>Diluted Loss per Common Share</b>				
Loss from continuing operations	\$ (0.11)	\$ (0.12)	\$ (0.47)	\$ (0.51)
Earnings from discontinued operations	-	-	-	0.11
Net loss	<u>\$ (0.11)</u>	<u>\$ (0.12)</u>	<u>\$ (0.47)</u>	<u>\$ (0.40)</u>
<b>Weighted Average Common Shares Outstanding - Basic</b>	7,643,690	6,302,159	6,883,263	6,290,575
<b>Dilutive Effect of Employee Stock Awards</b>	-	-	-	-

<b>Weighted Average Common Shares Outstanding - Diluted</b>	7,643,690	6,302,159	6,883,263	6,290,575
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**Rocky Mountain Chocolate Factory, Inc. and Subsidiaries**  
**GAAP Reconciliation of Adjusted EBITDA**  
*(In thousands, except per share amounts)*  
**(Unaudited)**

	Three Months Ended November 30,	
	2024	2023
GAAP Income (Loss) from Operations	\$ (700)	\$ (775)
Depreciation and Amortization	274	223
Stock-based Compensation	237	166
Costs Associated with Non-recurring Expenses	230	91
Adjusted EBITDA	<u>\$ 41</u>	<u>\$ (295)</u>



Source: Rocky Mountain Chocolate Factory, Inc.