

# Red White & Bloom Reports Third Quarter 2024 Financial Results

- *2024-YTD EBITDA increased to \$7.5 million; a twenty-fold improvement compared to 2023-YTD EBITDA of \$0.4 million*
- *2024-YTD Adjusted EBITDA increased 260% to \$9.6 million compared to 2023-YTD of \$3.7 million*
- *Five new Florida medical cannabis dispensaries scheduled to launch in the first quarter of 2025*
- *Expanded Canadian distribution network to include Prince Edward Island and New Brunswick*

TORONTO, Nov. 29, 2024 (GLOBE NEWSWIRE) -- Red White & Bloom Brands Inc. (CSE: RWB) ("**RWB**" or the "**Company**") is pleased to report it has filed its Condensed Interim Consolidated Financial Statements (the "**Financial Statements**"), Management's Discussion and Analysis ("**MD&A**"), and associated certifications for its third quarter ended September 30, 2024.

## ***President's Commentary***

Colby De Zen, President, stated, "Our primary focus has been, and remains, optimizing the business through careful analysis of all legacy, non-core assets and operations, with the goal of transitioning RWB into a profitable enterprise. Over the first nine months of the fiscal year, we have made significant strides toward achieving our strategic objectives. Our EBITDA has increased 20 times compared to the same period last year, reaching approximately \$7.5 million. Adjusted EBITDA stands at \$9.6 million for the same period. These improvements reflect all of the RWB team's efforts in achieving more profitable revenue streams through organizational efficiencies and exiting unprofitable product lines and ventures."

"In the third quarter, the construction of five new medical dispensary locations in Florida progressed as planned, with all locations set to become operational within the next three to four months. Our Florida operations also saw a notable increase in same-store revenues, driven by new Platinum-branded products and customer engagement efforts. In California, the Company established a key value chain partnership which has already enhanced prospects within our distribution network. In Canada, Emblem expanded its distribution network by adding Prince Edward Island and New Brunswick, with another province set to launch in our fourth quarter, while increasing product listings across all existing provinces. To support this growth, investments in offtake agreements, cultivation, and production operations across the United States and Canada remain on track to mitigate supply chain risks in fiscal 2025. RWB continues to leverage synergies, prioritize cost savings, execute targeted divestitures, and grow profitable business segments to increase shareholder value."

***Recent business highlights for the Company's third quarter ended September 30, 2024 and subsequent to September 30, 2024***

- Emblem Cannabis Corporation, our wholly owned subsidiary, has been granted a total of seventy-two (72) new Platinum and DIVVY product listings in preferred product formats across all provincial distributors (up from sixty-seven (67) as of 2024-Q2 close), including a total of thirty-five (35) listings approved by the Ontario Cannabis Store (“OCS”) (up from twenty-eight (28) as of 2024-Q2 close). The Company continues to add, refine, and sunset product offerings throughout its Canadian distribution network.
- Added Prince Edward Island and New Brunswick to our Emblem distribution network with another Eastern province pending confirmation of activation in 2024-Q4 as well as continuing to increase penetration in existing markets such as Alberta, Saskatchewan, Manitoba, and British Columbia
- Updated genetics and refined cultivation processes at the Paris indoor facility, boosting efficiency while achieving higher THC potency and improved harvest yields.
- Acquired new equipment, upgraded existing systems, and implemented automated manufacturing processes to enhance production and extraction capabilities at our Paris facility.
- Launched a new line of live rosin and live resin products in our California distribution network, further expanding our product portfolio.
- With regulatory extraction approvals secured for production in the first half of 2024, Platinum Vape distillate disposables and Platinum Vape 5/10 distillate cartridges are now available at all active medical retail locations across Florida.
- During 2024-Q3, adult-use sales commenced in the newly legalized state of Ohio with Platinum Vape products as part of an executed licensing agreement with a vertically integrated licensed producer and distributor in Ohio.
- During 2024-Q3, adult-use sales in Missouri continued at a strong pace as part of an executed licensing agreement with a vertically integrated licensed product and distributor in Missouri.
- Continued with the corporate restructuring of our adult-use and medical-use retail operations in Michigan, contributing to prospective cost savings associated with variable and fixed overheads for each of the target retail locations. The Company will continue to execute on divestiture of non-profitable operating assets under the restructuring program through the end of fiscal 2024 and the first quarter of 2025.

### ***2024 Third Quarter (“2024-Q3”) Condensed Interim Consolidated Highlights***

- Revenues were \$21.7 million for 2024-Q3, a \$1.6 million increase from restated 2023-Q3 revenues of \$20.1 million.
- Gross profit, before fair value adjustments, was \$7.0 million for 2024-Q3, a \$0.8 million decrease from restated 2023-Q3 gross profit before fair value adjustments of \$7.9 million primarily related to period adjustments associated with the Emblem Group’s inventory.
- Gross profit, after fair value adjustments, was \$10.3 million for 2024-Q3, an increase of \$3.7 million from restated 2023-Q3 gross profit after fair value adjustments of \$6.6 million.

- EBITDA was \$7.5 million for 2024-YTD an increase of \$7.1 million compared to restated 2023-YTD EBITDA of \$0.4 million.
- Adjusted EBITDA for 2024-YTD was \$9.6 million, an increase of \$5.9 million compared to restated 2023-YTD Adjusted EBITDA of \$3.7 million.

***The following is a condensed summary of the Company's results from operations for 2024-Q3 and 2024-YTD, and 2023-Q3 and 2023-YTD***

	2024-Q3	2023-Q3 restated	Variance	2024-YTD	2023-YTD restated	Variance
	\$	\$	\$	\$	\$	\$
Revenue	21,714	20,127	1,587	66,287	68,307	(2,020)
<b>Gross Profit after fair market value adjustments</b>	<b>10,288</b>	<b>6,572</b>	<b>3,716</b>	<b>24,501</b>	<b>20,802</b>	<b>3,699</b>
General and administration	8,661	6,169	2,492	25,728	20,446	5,282
Marketing expenses	1,229	287	942	3,684	1,331	2,353
Share-based compensation	59	149	(90)	165	607	(442)
Depreciation and amortization	1,327	866	461	3,071	2,905	166
Bad debt expense <sup>(i)</sup>	861	688	173	3,079	956	2,123
<b>Total operating expenses</b>	<b>12,137</b>	<b>8,159</b>	<b>3,978</b>	<b>35,727</b>	<b>26,245</b>	<b>9,482</b>
<b>Loss from operations before other expenses or income</b>	<b>(1,849)</b>	<b>(1,587)</b>	<b>(262)</b>	<b>(11,226)</b>	<b>(5,443)</b>	<b>(5,783)</b>
Total other (income) expenses	9,556	4,654	4,902	14,260	16,727	(2,467)
Loss before income taxes	(11,405)	(6,240)	(5,165)	(25,486)	(22,170)	(3,316)
<b>Net Loss for the year from continuing operations<sup>(ii)</sup></b>	<b>(1,841)</b>	<b>(4,772)</b>	<b>(2,931)</b>	<b>(15,328)</b>	<b>(18,797)</b>	<b>(3,469)</b>
<b>Basic Loss per share from continuing operations<sup>(ii)</sup></b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>0.01</b>	<b>(0.03)</b>	<b>(0.04)</b>	<b>0.01</b>
EBITDA	385	1,143	(758)	7,488	373	7,115
Adjusted EBITDA	3,847	4,818	(970)	9,587	3,700	5,887

<sup>(i)</sup>Bad debt expense includes non-cash expected credit loss provisions in accordance with IFRS of \$0.9 million for 2024-Q3 and \$3.1 million for 2024-YTD compared to \$0.7 million in 2023-Q3 and \$1.0 million in 2023-YTD

<sup>(ii)</sup>Net loss and basic loss per share excludes net losses attributable to non-controlling interests

## **Adjusted EBITDA**

The following summarizes results from operations for 2024-Q3 and 2024-YTD & 2023-Q3 and 2023-YTD (restated).

	2024-Q3	2023-Q3 restated	Variance	2024-YTD	2023-YTD restated	Variance
<b>Net Income (Loss) for the Period</b>	<b>(2,886)</b>	<b>(6,540)</b>	<b>3,654</b>	<b>(19,626)</b>	<b>(25,405)</b>	<b>5,779</b>
Depreciation and amortization	1,327	866	461	3,071	2,905	166
Interest income	(340)	(1,641)	1,301	(578)	(1,741)	1,163
Accreted interest, leases	676	673	3	2,030	2,018	12
Current income tax expense/(recovery)	(8,130)	1	(8,131)	(4,361)	2,116	(6,477)
Deferred income tax expense/(recovery)	(535)	-	(535)	(2,109)	(1,696)	(413)
Finance expenses	267	289	(22)	543	519	24
Interest on credit facilities	629	556	73	1,818	1,611	207
Interest on convertible notes	2,115	1,429	686	5,214	5,422	(208)
Accreted interest on convertible notes	311	1,144	(833)	2,641	3,278	(637)
Accreted interest on promissory notes	82	-	82	248	-	248
Interest on promissory notes	6,869	4,365	2,504	18,597	11,346	7,251
<b>EBITDA</b>	<b>385</b>	<b>1,143</b>	<b>(758)</b>	<b>7,488</b>	<b>373</b>	<b>7,115</b>
Bad debt expense	861	688	173	3,079	956	2,123
Acquisition costs	9	-	9	175	-	175

Business transaction costs	247	523	(276)	300	523	(223)
(Gain) loss on evaluation of financial instruments	(626)	(256)	(370)	(691)	(2,540)	1,849
(Gain) Loss on disposal of assets	(3,756)	1	(3,757)	(3,529)	1	(3,530)
Termination costs	198	67	131	812	408	404
Foreign exchange	4,615	2,156	2,459	6,670	(336)	7,006
Loss on debt extinguishment	-	-	-	100	-	100
Gain on investment	-	-	-	(7,645)	-	(7,645)
Other expenses (income)	110	-	110	(8)	(285)	277
Share based compensation	59	149	(90)	165	607	(442)
(Gain) or loss on settlement of debt	640	-	640	(121)	-	(121)
Non-recurring expenses <sup>(i)</sup>	959	49	910	2,182	1,178	1,004
(Gain) loss on discontinued operations	146	298	(152)	610	2,815	(2,205)
<b>Adjusted EBITDA</b>	<b>3,847</b>	<b>4,818</b>	<b>(970)</b>	<b>9,587</b>	<b>3,700</b>	<b>5,887</b>

*(i) Non-recurring expenses include expenses are those that the Company does not expect to recur in the future*

For additional details on the Company's financial results, refer to the Company's filings on Sedar+ ([www.sedarplus.ca](http://www.sedarplus.ca)). The Company encourages all of its stakeholders to review management's commentary on its 2024-Q3 financial results included in the 2024-Q3 MD&A also available on Sedar+:

## **About Red White & Bloom Brands Inc.**

Red White & Bloom is a multi-jurisdictional cannabis operator and house of premium brands operating in the United States, Canada and select international jurisdictions. RWB is predominantly focusing its investments on major U.S. markets, including Arizona, California, Florida, Missouri, Michigan, and Ohio in addition to Canadian and international markets by virtue of its acquisition of the former Aleafia group of companies.

## **Red White & Bloom Brands Inc.**

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This press release contains forward-looking statements and information that are based on the beliefs of management and reflect the Company's current expectations. When used in this press release, the words "estimate", "project", "belief", "anticipate", "intend", "expect", "plan", "predict", "may" or "should" and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. There is no assurance that the near-term priorities outlined in this press release

will yield results in line with management expectations. Such statements and information reflect the current view of the Company with respect to risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: risks associated with the implementation of the Company's business plan and matters relating thereto, risks associated with the cannabis industry, competition, regulatory change, the need for additional financing, reliance on key personnel, market size, and the volatility of the Company's common share price and volume. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

There are several important factors that could cause the Company's actual results to differ materially from those indicated or implied by forward-looking statements and information. Such factors include, among others, risks related to the Company's proposed business, such as failure of the business strategy and government regulation; risks related to the Company's operations, such as additional financing requirements and access to capital, reliance on key and qualified personnel, insurance, competition, intellectual property, and reliable supply chains; risks related to the Company and its business generally; risks related to regulatory approvals. The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors. While the Company may elect to, it does not undertake to update this information at any particular time.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS PRESS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS PRESS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.

#### **NON-IFRS AND SUPPLEMENTARY FINANCIAL OR OPERATING MEASURES**

The Company references non-IFRS and supplementary financial or operating measures, including, but not limited to, Adjusted EBITDA. This measure does not have a standardized

meaning prescribed by IFRS and is most likely not comparable to similar measures presented by other public company issuers including those operating in the cannabis industry. Non-IFRS measures provide investors with additional insights into the Company's financial and operating performance which may not be garnered from traditional IFRS measures. The management of the Company, including its key decision makers, use non-IFRS measures in assessing the Company's financial and operating performance.

EBITDA, as defined by the Company, means earnings before interest, income taxes, depreciation, and amortization. The Company calculates Adjusted EBITDA as EBITDA less, share based compensation, gains or losses on evaluation of financial instruments, gains or losses on asset disposals, gains or losses on settlement of debt, gains or losses on investments, gains or losses on discontinued operations, foreign exchange adjusted to eliminate charges associated with intercompany balances required to be realized through profit and loss by IFRS standards, expected credit losses and bad debt expense, acquisition costs, business transaction costs, gain on extinguishment of debt, carrying costs associated with dormant investments, and non-recurring expenses such as non-recurring termination costs, legal costs, penalties and late fees.



Source: Red White & Bloom Brands Inc.