



The Good Shroom Co Inc. Discloses Q1 2025 Results

MONTREAL, Dec. 23, 2024 /CNW/ - The Good Shroom Co Inc. (TSXV: MUSH) ("TGSC" or "the Company"), an emerging cannabis company with a focus on innovation, announces its financial results for the first quarter of 2025.

Key Financial Metrics

- Revenue (net of excise): \$691,382
- Net Income (Loss): (\$55,398)
- EBITDA: (\$40,553)
- Gross Margin: 33.9%
- Long-Term Debt: TGSC continues to operate without any long-term debt.

The Company faced a challenging quarter, with quarterly results reflecting several key factors that impacted performance. TGSC remains focused on its long-term growth strategy by continuing in Quebec and focusing on innovations nationally.

Quarterly Performance: Key Factors

TGSC's refined operations over time, combined with economies of scale, have allowed the Company to achieve greater efficiency. As a result, even at reduced revenue levels, the Company is operating close to breakeven. This demonstrates that significant setbacks, like those experienced this quarter, are not deeply pernicious for the Company and underscore its resilience and ability to weather challenges.

TGSC's main market, Quebec, operates on a biannual product call system through its cannabis board. This system means that one underperforming product call can result in weaker performance across two consecutive quarters. This was the case for TGSC, as the recent "rationalization" of offerings by the cannabis board of the province affected the entire market, including the Company. As a result of this rationalization, TGSC received a return of \$29,622 plus associated fees and lost sales opportunities during late Q4, Q1 and early Q2. Despite this setback, it is important to highlight that this is the first instance of such an outcome in TGSC's history, a testament to its typically strong performance in the Quebec market. Based on its proven track record, TGSC expects to rebound with the upcoming product call, beginning in late Q2 and continuing into Q3.

In addition, the Company experienced a return of traditional cannabis products from the province of Alberta during Q1 2025. The value of this return was \$35,913 plus associated return fees. While this return impacted the quarter's results, the Company plans to redirect these products to the medical cannabis market and other sales channels, ensuring minimal waste and optimized revenue streams.

Strategic Response and Future Outlook

TGSC's strategy moving forward is twofold. First, the Company will continue its established approach in Quebec. Historically, this strategy has yielded consistent results, and TGSC expects it

to continue delivering, barring rare occurrences like the recent underperforming product call that impacted two quarters. Quebec remains a core market where TGSC has a competitive advantage and strong track record.

Second, the Company is advancing its national expansion strategy, which excludes traditional cannabis products outside of Quebec. TGSC's analysis of market dynamics has shown limited competitive advantage in traditional products beyond its home turf, as evidenced by the product returns from Alberta this quarter. Consequently, the Company is focusing nationally on innovative offerings, such as its THC-infused pouches, branded as DYP's and Deckies. These innovations are already experiencing a successful launch in Alberta, reaffirming TGSC's strategic pivot towards differentiation and growth through innovation.

Looking forward, TGSC is enthusiastic about the upcoming launch of THC-infused pouches in Ontario in January 2025. Additionally, the Company expects Q3 2025 to be the first quarter in which it will have three consecutive months of ramped-up sales for DYP's in Alberta, following the current high demand and ongoing ramp-up period. Q3 will also include initial sales data from the Ontario market, providing critical insights into the true sales velocity of these innovative products. This will further solidify TGSC's position in the market.

While the challenges of late Q4, Q1 and early Q2 have impacted short-term results, the Company is confident in its ability to navigate these obstacles and emerge stronger. TGSC's commitment to innovation, adaptability, and strategic growth will continue to drive shareholder value and position the Company as a leader in the Canadian cannabis market.

About The Good Shroom Co. Inc.

The Good Shroom Co Inc. (TSXV: MUSH) is an emerging cannabis company that sells a variety of traditional cannabis products and innovations, with its primary market in Quebec but expanding nationally. For more information, visit [www.thegoodshroom.co](<http://www.thegoodshroom.co>).

Website: www.thegoodshroom.co

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Cautionary Note Regarding Forward-Looking Information

This press release contains statements which constitute "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs, and current expectations of the Corporation with respect to future business activities and sales. Forward-looking statements are often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", or similar expressions. Investors are cautioned that forward-looking statements are not based on historical facts but instead reflect the Corporation's expectations, estimates, or projections concerning future results or events based on the opinions, assumptions, and estimates of management considered reasonable at the date the statements are made. Although the Corporation believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed thereon, as unknown or unpredictable factors could have material adverse effects on future results, performance, or achievements.

Among the key factors that could cause actual results to differ materially from those projected are the following: market acceptance of the Company's products, changes in the Company's strategy,

changes in supplier operations and pricing, expectations regarding competition and their pricing strategy, maintaining in good standing all necessary regulatory licenses and authorizations for its products, the benefits, safety, efficacy, dosing, and social acceptance of cannabis-related products, and no material changes in the legal environment. Changes in applicable laws and regulations, compliance with extensive government regulation, and operational risks related to COVID-19 or other pandemics and supply chain disruptions and shortages are also factors.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated, or expected. Although the Company has attempted to identify important risks, uncertainties, and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated, or intended, and such changes could be material. The Company does not intend and does not assume any obligation to update the forward-looking statements except as otherwise required by applicable law. Trading in the securities of the Company should be considered highly speculative.

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