



## Avant Brands Announces Results for Q3 2024

- **Record Gross and Net Revenue:** Generated \$9.6 million Gross Revenue and \$8.5 million Net Revenue in Q3 2024, establishing new company records.
- **Record Export Wholesale Revenue<sup>1</sup>:** Generated \$5.1 million in Q3 2024 representing a 116% increase over Q3 2023, establishing a new company record.
- **Record Cannabis Production:** 3,441 kilograms produced in Q3 2024, representing a 5% increase over Q3 2023, establishing a new company record.
- **Record Cannabis Sold:** 3,087 kilograms sold in Q3 2024, representing a 98% increase over Q3 2023, establishing a new company record.

(1) Export Wholesale Revenue is a non-GAAP performance measure. The information is incorporated by reference from the Q3 2024 MD&A filings under "Cautionary Statement Regarding Certain Non-GAAP Performance Measures". The Company's MD&A is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com)

Kelowna, B.C., October 15, 2024. **Avant Brands Inc. (TSX: AVNT) (OTCQX: AVTBF) (FRA: 1BUP)** ("Avant" or the "**Company**"), a leading producer of innovative and award-winning cannabis products, today released its financial results for the third quarter ended August 31, 2024 ("**Q3 2024**"). The Company achieved significant financial milestones driven by strategic international expansion and operational improvements.

In Q3 2024, Avant Brands reports records across key financial metrics, underscoring the Company's commitment to operational excellence. These highlights include:

- **Record Revenues:** Gross Revenue increased by 27% to a record \$9.6 million compared to Q3 2023, while Net Revenue rose by 30% to a record \$8.5 million, demonstrating sustained growth driven by robust international demand.

- **Record Export Wholesale Revenue<sup>1</sup>:** Export Wholesale Revenue<sup>1</sup> reached a record \$5.1 million in Q3 2024, representing a 116% increase over Q3 2023. This reflects the strong demand for Avant's premium flower in global markets, with Export Wholesale Revenue<sup>1</sup> accounting for 60% of Net Revenue, driven by aggressive market expansion in Australia, Germany, and Israel.

(1) Export Wholesale Revenue is a non-GAAP performance measure. The information is incorporated by reference from the Q3 2024 MD&A filings under "Cautionary Statement Regarding Certain Non-GAAP Performance Measures". The Company's MD&A is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com)

- **Improved Profitability:** Gross profit decreased for Q3 2024 to \$1.0 million from \$5.0 million in Q3 2023, largely driven by impacts to biological asset valuations offset by increased revenues and decreased Costs of Sales. Achieved Adjusted EBITDA<sup>2</sup> of \$2.1 million, marking the third consecutive quarter of Adjusted EBITDA<sup>2</sup> greater than \$2 million, demonstrating improved profitability.
- **Improved Cash Balance:** The Company's cash balance increased by \$2.4 million year to date ("YTD") in Q3 2024 compared to a reduction of \$5.1 million in Q3 2023 YTD. Net cash flows generated from operating activities reached \$1.7 million YTD. Cash flows from operating activities before working capital changes<sup>3</sup> reached \$8.8 million in Q3 2024 YTD compared to \$4.2 million in Q3 2023 YTD.
- **Adjusted Net Income<sup>4</sup>:** Achieved \$0.5 million Adjusted Net Income<sup>4</sup>, marking the third consecutive quarter of positive Adjusted Net Income<sup>4</sup>.

(2) Adjusted EBITDA is a non-GAAP performance measure. The information is incorporated by reference from the Q3 2024 MD&A filings under "Cautionary Statement Regarding Certain Non-GAAP Performance Measures". The Company's MD&A is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com)

(3) Cash flows from operating activities before working capital changes is a non-GAAP performance measure. The information is incorporated by reference from the Q3 2024 MD&A filings under "Cautionary Statement Regarding Certain Non-GAAP Performance Measures". The Company's MD&A is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com)

(4) Adjusted Net Income is a non-GAAP performance measure. The information is incorporated by reference from the Q3 2024 MD&A filings under "Cautionary Statement Regarding Certain Non-GAAP Performance Measures". The Company's MD&A is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com)

#### **Avant Brands Founder & CEO Norton Singhavon Comments:**

*"Avant Brands is rapidly establishing itself as a leader in the global cannabis market. Our strong international sales growth, coupled with new licensing agreements and partnerships, positions us for continued success as we bring our premium brands, like blk mkt™, to consumers around the world."*

#### **Fiscal Q3 2024 Financial Highlights (vs. Fiscal Q3 2023):**

##### **Revenue:**

- Gross Revenue: Record of \$9.6 million (+27%)
- Net Revenue: Record of \$8.5 million (+30%)
- Export Wholesale Revenue<sup>5</sup>: Record \$5.1 million (+116%)
- Recreational Revenue<sup>6</sup>: Decreased to \$2.8 million (-30%)
- Domestic Wholesale Revenue<sup>7</sup>: Increased to \$0.6 million (+866%)

Avant's recreational revenue decreased as the company streamlined its product offerings, prioritizing high-performing and profitable core items. This strategic shift coincided with an increased focus on international expansion.

- (5) Export Wholesale Revenue is a non-GAAP performance measure. The information is incorporated by reference from the Q3 2024 MD&A filings under "Cautionary Statement Regarding Certain Non-GAAP Performance Measures". The Company's MD&A is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com)
- (6) Recreational Revenue is a non-GAAP performance measure. The information is incorporated by reference from the Q3 2024 MD&A filings under "Cautionary Statement Regarding Certain Non-GAAP Performance Measures". The Company's MD&A is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com)
- (7) Domestic Wholesale Revenue is a non-GAAP performance measure. The information is incorporated by reference from the Q3 2024 MD&A filings under "Cautionary Statement Regarding Certain Non-GAAP Performance Measures". The Company's MD&A is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com)

#### **Gross Margin adjusted for fair value adjustments<sup>4</sup>:**

- Gross Margin adjusted for fair value adjustments<sup>8</sup>: \$4.2 million (+106%)
- Gross Margin % adjusted for fair value adjustments<sup>9</sup>: Increased to 49% (vs. 31%)
  - (8) Gross Margin adjusted for fair value adjustments is a non-GAAP performance measure. The information is incorporated by reference from the Q3 2024 MD&A filings under "Cautionary Statement Regarding Certain Non-GAAP Performance Measures". The Company's MD&A is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com)
  - (9) Gross Margin % adjusted for fair value adjustments is a non-GAAP performance ratio. The information is incorporated by reference from the Q3 2024 MD&A filings under "Cautionary Statement Regarding Certain Non-GAAP Performance Measures". The Company's MD&A is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com)

#### **Cannabis Production and Sales:**

- Cannabis Production: 3,441 KG (+5%)
- Cannabis Sales: 3,087 KG sold (+98%)

#### **Commercial Highlights:**

- **Growth in Key Markets:** Ongoing sales growth in Australia, Israel, and Germany, driven by export shipments of Avant's new cultivar portfolio.

#### **Key Subsequent Events:**

- **Successful First Shipment to Major New Client:** Completed the first shipment to a significant new client in Portugal, further strengthening Avant's presence in the global cannabis market.
- **Expanding Global Footprint:** Executed a blk mkt™ licensing agreement for Australia, paving the way for future expansion into this key market. This partnership expands Avant's international presence, with blk mkt™ now licensed in Australia, Germany, Israel, and Switzerland.

#### **Fiscal 2024 Outlook**

Avant's international sales continue to surpass domestic adult-use sales in Q3 2024. This achievement highlights the growing global demand for premium cannabis and Avant's strategic positioning to capitalize on this opportunity.

Management is confident in the continued expansion of Avant's international footprint. The company has executed a total of nine international agreements fiscal year to date, with products already shipped

to four clients and a further three clients having shipments pending. These new clients represent near-term growth potential spanning key territories such as Australia, Germany, Israel and Portugal, along with new opportunities developing in the Czech Republic, Poland, Switzerland, and the UK. These markets, with a combined population exceeding 250 million, present a substantial growth opportunity for Avant.

This expanded network positions Avant to become a leading player in the global premium cannabis market, with its flagship brand blk mkt™ well-positioned for international success.

### **About Avant Brands Inc.**

Avant Brands Inc. (TSX: AVNT) (OTCQX: AVTBF) (FRA: 1BUP) is a leading innovator in premium cannabis products, driven by a commitment to exceptional quality and craftsmanship. As one of Canada's largest indoor producers, the company operates multiple production facilities across the country, cultivating unique and high-quality cannabis strains.

Avant offers a diverse product portfolio catering to recreational, medical, and export markets. Its renowned consumer brands, including blk mkt™, Tenzo™, Cognōscente™, flowr™, and Treehugger™, are available in key recreational markets across Canada. The company's international footprint spans Australia, Israel, and Germany, with its flagship brand blk mkt™ leading the way. Avant also serves qualified medical patients nationwide through its GreenTec™ medical cannabis brand, accessible via the GreenTec Medical portal and trusted partner network.

Avant is a publicly traded company, listed on the Toronto Stock Exchange (TSX) and accessible to international investors through the OTCQX Best Market (OTCQX) and Frankfurt Stock Exchange (FRA). Headquartered in Kelowna, British Columbia, the company operates in strategic locations throughout Canada.

### **Learn More:**

For more information about Avant, including investor presentations and details about its consumer brands, please visit the company website: [www.avantbrands.ca](http://www.avantbrands.ca)

### **Investor Relations:**

For inquiries, please contact Avant Brands Investor Relations at 1-800-351-6358 or [ir@avantbrands.ca](mailto:ir@avantbrands.ca).

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:**

This news release includes certain “forward-looking information” as defined under applicable Canadian securities legislation, encompassing statements regarding Avant Brands Inc.'s ("Avant" or the "Company") plans, intentions, beliefs, and current expectations concerning future business activities and operating performance. Forward-looking information is often identified by words such as "may," "would," "could," "should," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect," or similar expressions. It covers various aspects, including the Company's expectations for future revenue growth, demonstrated

by its record Q3 net revenue. Additionally, it includes plans for international market expansion, such as the surge in international sales and securing agreements with new international partners, reflecting Avant's strategic initiatives. Furthermore, the forward-looking information addresses the Company's efforts in brand building, particularly in establishing and strengthening its premium cannabis brands like blk mkt™. It also encompasses strategies for product development to meet evolving consumer preferences and market trends, as well as the focus on maintaining cost controls and operational efficiencies to enhance profitability and financial performance. Moreover, the forward-looking information considers the anticipated performance of the blk mkt™ brand in the global cannabis industry, supported by successful international expansion and strategic partnerships. Lastly, it mentions the expected availability of the financial statements and the MD&A on the Company's SEDAR+ profile and website, providing investors with comprehensive financial information.

Investors should be aware that forward-looking information involves inherent risks, uncertainties, and other factors that may cause actual results to differ materially from those expressed or implied by such information. Management's current expectations may not accurately predict future events or outcomes. Therefore, investors are cautioned not to place undue reliance on forward-looking information.

Investors are cautioned that forward-looking information is not based on historical fact but instead reflects management'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 Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance, or achievements of the Company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: regulatory and licensing risks; changes in consumer demand and preferences; changes in general economic, business, and political conditions, including changes in the financial markets; the global regulatory landscape and enforcement related to cannabis, including political risks and risks relating to regulatory change; compliance with extensive government regulation; public opinion and perception of the cannabis industry; the impact of COVID-19; and the risk factors set out in the Company's annual information form dated February 28, 2024 filed with Canadian securities regulators and available on the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information 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 that could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated, or intended. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date of this news release. The Company 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 required by law.

## **SPECIAL NOTE REGARDING FINANCIAL INFORMATION**

This document should be read in conjunction with the Company's unaudited interim consolidated financial statements (the "financial statements") and the Company's MD&A for the three and nine months ended August 31, 2024, and audited consolidated financial statements for the year ended November 30, 2023. All dollar amounts are referenced in millions of Canadian dollars, except where noted otherwise. The Company's financial statements and MD&A for the three and nine months ended August 31, 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Additional information relating to the Company, including its Annual Information Form for the year ended November 30, 2023, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Information on the Company's website does not form part of and is not incorporated by reference in the Company's MD&A.

## **SPECIAL NOTE REGARDING NON-GAAP AND OTHER FINANCIAL MEASURES**

This document includes references to non-GAAP measures, which include non-GAAP and other financial measures as defined in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure. These financial measures are used by the Company to evaluate its financial performance, financial position or cash flow and include non-GAAP financial measures, non-GAAP ratios, total of segments measures, capital management measures, and supplementary financial measures. These financial measures are not defined by IFRS and therefore are referred to as non-GAAP and other financial measures. The non-GAAP and other financial measures used by the Company may not be comparable to similar measures presented by other companies, and should not be considered an alternative to or more meaningful than the most directly comparable financial measure presented in the Company's financial statements, as applicable, as an indication of the Company's performance. Descriptions of the Company's non-GAAP and other financial measures included in this document, and reconciliations to the most directly comparable GAAP measure, as applicable, are provided in the "Cautionary Statement Regarding Certain Non-GAAP Performance Measures" section of the Company's MD&A for the three and nine months ended August 31, 2024, dated October 10, 2024.