



Schwazze Announces Preliminary Third Quarter 2024 Financial Results

November 7, 2024

Optimization Initiatives Lead to Quarter-over-Quarter Improvements in Profitability and Positive Cash Flow from Operations

DENVER, Nov. 07, 2024 (GLOBE NEWSWIRE) -- Medicine Man Technologies, Inc., operating as Schwazze, (OTC: SHWZ) (Cboe CA: SHWZ) ("Schwazze" or the "Company"), today announced preliminary financial and operational results for the third quarter ended September 30, 2024.

"We continued to generate momentum from our retail growth and optimization initiatives in Q3, reflected by our ability to outpace two highly competitive markets while generating sequential improvements in profitability and positive cash flow from operations," said Forrest Hoffmaster, Interim CEO of Schwazze. "Our efforts to sharpen our pricing and promotional strategy, elevate the in-store experience, and improve product quality, assortment and in-stock positions are yielding positive results. I'm proud of our team's hard work and dedication to drive these improvements in the overall customer experience, which has led to increased store traffic in both Colorado and New Mexico. Over the past year, our focused efforts to optimize our operations have built a solid foundation, setting the stage for sustained growth and enhanced levels of profitability in the year ahead."

"Due to our ongoing re-review process with our new auditor, Baker Tilly, we expect a delay in filing our Form 10-Q for the quarter ended September 30, 2024. Our team, in close collaboration with Baker Tilly, is making every effort to complete this re-review promptly. We expect to release our unaudited third quarter results and host a conference call in the coming weeks to discuss our financial and operational performance in greater detail."

Q3 2024 Preliminary Financial Results

Based on preliminary and unaudited results, the Company expects to report the following for the third quarter ended September 30, 2024:

- Revenue of approximately \$42 million
- Adjusted EBITDA of approximately \$11 million
- Cash flow from operations of approximately \$0.2 million

At quarter end, the Company held cash and cash equivalents of approximately \$11 million with principal amount of debt outstanding of approximately \$196 million.

Update on Delayed Filing

As previously announced on April 8, 2024, Schwazze dismissed BF Borgers CPA PC ("BF Borgers") as its independent registered public accountant and engaged Baker Tilly US, LLP ("Baker Tilly") as its new independent accountant. Subsequent to the transition, on May 3, 2024, the SEC issued an Order against BF Borgers for systemic failures in meeting PCAOB standards, which impacted over 1,500 SEC filings and affected at least 75 percent of BF Borgers' 369 clients.

As a result of the SEC Order, Schwazze's new auditor needs additional time to complete its prior period review, which includes re-auditing the Company's fiscal year 2023 financial statements and re-reviewing the closing of its 2022 balance sheet prior to filing its 2024 Annual Report. Baker Tilly is actively working to re-audit the Company's financial statements for the associated periods.

Due to the ongoing re-review process, Schwazze anticipates a delay in filing its Quarterly Report on Form 10-Q for the three- and nine-months ending September 30, 2024. Moreover, the Company expects to simultaneously file its Quarterly Report on Form 10-Q for the three months ending March 31, 2024, and June 30, 2024.

About Schwazze

Schwazze (OTC: SHWZ) (Cboe CA: SHWZ) is building a premier vertically integrated regional cannabis company with assets in Colorado and New Mexico and will continue to explore taking its operating system to other states where it can develop a differentiated regional leadership position. Schwazze is the parent company of a portfolio of leading cannabis businesses and brands spanning seed to sale.

Schwazze is anchored by a high-performance culture that combines customer-centric thinking and data science to test, measure, and drive decisions and outcomes. The Company's leadership team has deep expertise in retailing, wholesaling, and building consumer brands at Fortune 500 companies as well as in the cannabis sector.

Medicine Man Technologies, Inc. was Schwazze's former operating trade name. The corporate entity continues to be named Medicine Man Technologies, Inc. Schwazze derives its name from the pruning technique of a cannabis plant to enhance plant structure and promote healthy growth. To learn more about Schwazze, visit <https://schwazze.com/>.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include financial outlooks; any projections of net sales, earnings, or other financial items; any statements of the strategies, plans and objectives of our management team for future operations; expectations in connection with the Company's previously announced business plans; any statements regarding future economic conditions or performance; and statements regarding the intent, belief or current expectations of our management team. Such statements may be preceded by the words "may," "will," "could," "would," "should," "expect," "intends," "plans," "strategy," "prospects,"

"anticipate," "believe," "approximately," "estimate," "predict," "project," "potential," "continue," "ongoing," or the negative of these terms or other words of similar meaning in connection with a discussion of future events or future operating or financial performance, although the absence of these words does not necessarily mean that a statement is not forward-looking. We have based our forward-looking statements on management's current expectations and assumptions about future events and trends affecting our business and industry. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Therefore, forward-looking statements are not guarantees of future events or performance, are based on certain assumptions, and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company's control and cannot be predicted or quantified. Consequently, actual events and results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, risks and uncertainties associated with (i) regulatory limitations on our products and services and the uncertainty in the application of federal, state, and local laws to our business, and any changes in such laws; (ii) our ability to manufacture our products and product candidates on a commercial scale on our own or in collaboration with third parties; (iii) our ability to identify, consummate, and integrate anticipated acquisitions; (iv) general industry and economic conditions; (v) our ability to access adequate capital upon terms and conditions that are acceptable to us; (vi) our ability to pay interest and principal on outstanding debt when due; (vii) volatility in credit and market conditions; (viii) the loss of one or more key executives or other key employees; and (ix) other risks and uncertainties related to the cannabis market and our business strategy. More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's filings with the Securities and Exchange Commission (SEC), including the Company's Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q. Investors and security holders are urged to read these documents free of charge on the SEC's website at <http://www.sec.gov>. The Company assumes no obligation to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise except as required by law.

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