



Red White & Bloom Reports Fiscal 2022 results with stronger revenues and increased gross profit

- Annual revenue for fiscal 2022 increasing to \$97.5 million, a 260% increase from \$37.3 million for fiscal 2021
- Gross profit after fair value adjustments for fiscal 2022 of \$27.6 million, a \$4.4 million increase from gross profit after fair value adjustments for fiscal 2021 of \$23.2 million
- Year over year decrease in consolidated operating expenses of \$2.4 million
- A \$26.3 million improvement in Adjusted EBITDA loss for fiscal 2022, narrowing to \$1.2 million versus \$27.5 million Adjusted EBITDA loss for fiscal 2021

TORONTO, ONTARIO May 16, 2023 (GLOBE NEWSWIRE) - Red White & Bloom Brands Inc. (CSE: RWB and OTC: RWBYF) ("**RWB**" or the "**Company**") is pleased to report it has filed its Consolidated Audited Financial Statements ("the Financial Statements"), Management's Discussion and Analysis ("MD&A"), and associated certifications. The Company has also provided notice to the British Columbia Securities Commission ("BCSC") of the aforementioned filings to commence the process of lifting the Cease Trade Order ("CTO") implemented by the BCSC on May 8, 2023. Revocation of the CTO is expected to occur within a few days of today's filing date.

The Company would like to thank all of its shareholders for their patience while the Company contended with the delays in its reporting associated with the completion of the year-end audit.

The Company will hold its Annual General Meeting ("AGM") on Friday, June 16, 2023. Further communication will follow for the benefit of shareholders including details on how to access the AGM. We encourage all shareholders to attend the AGM as your participation and input are highly valued.

Despite delays with the year-end filings, the Company expects to complete requisite filings and disclosures for the first quarter of 2023 by the prescribed date of May 30, 2023.

Management Commentary

Brad Rogers, CEO and Chairman, stated, "With the successful launch of our distribution operations in Michigan in January 2022, the closing of our acquisition in Michigan of both retail and cultivation operations, and our continuing focus on expanding our medical retail in Florida, the Company is focused on growing market share in its key states. We are also progressing on our asset-light strategies in targeted legal states incorporating both licensing arrangements and leveraging local execution capabilities in both manufacturing and logistics. To that end, RWB has now added the states of Arizona and Missouri and continues to proactively negotiate other high-potential, emerging legal markets."

Added Colby De Zen, President, and Director, "RWB has implemented a series of transformative changes within its management team aimed at bolstering financial and operational efficiencies. During the second half of fiscal year 2022, the entire company was focused on "right-sizing" the business. Through the rationalization of operating costs, reduction of debt held by the Company, restructuring of operations, key divestitures such as the sale of Mid-American Growers' assets and the successful execution of foundational transactions such as the licensure and activation of our distribution operations in Michigan, significant progress was made. We are trending positively into fiscal 2023 as initiatives of this nature have continued to be executed. We are driving everyone in our organization to extract value wherever it can be found for the benefit of our valued shareholders."

Highlights for Fourth Quarter 2022 and subsequent to Fiscal 2022 year end

- On October 3, 2022, the Company announced it had reached an exclusive agreement to utilize vape technology provided by Skybar™, a leading innovator in vape devices. Concurrent with the execution of the agreement, the Company confirmed the debut of PV Disposables utilizing Skybar™ vape hardware.

- On October 7, 2022, the Company reported that it had issued 3,200,000 stock options to certain directors and officers of the Company. The stock options are exercisable to acquire up to 3,200,000 common shares of the Company at an exercise price of \$0.135. The stock options vest quarterly over a period of two years from grant.
- On October 7, 2022, the Company reported it had secured a lease for a medical retail location (dispensary) in Clearwater, Florida, through its subsidiary, Red White & Bloom Florida, Inc.
- On October 7, 2022, the Company announced it was continuing its PV product expansion plans having recently announced the launch of PV product extensions into key legal markets in Missouri and Massachusetts through its asset-light growth strategy.
- On December 15, 2022, the Company announced it had settled \$10.5 million in debt related to arm's length financing through the issuance of common shares. Pursuant to the debt settlement, the Company issued 22,440,467 common shares of the Company representing an effective per share price, based on the face value of the debt, of approximately \$0.47 per share to creditors of the Company.
- On January 30, 2023, pursuant to the terms and conditions set out in its January 10, 2020, Credit Agreement with Bridging Finance, Inc. ("Bridging"), the Company extended the maturity of its Credit Facility to July 31, 2023. As a consequence of this extension, the Company was subjected to a non-refundable amendment fee in the amount of \$136,000. The Company is continuing to work collaboratively with Bridging regarding a path forward given the pending maturity of the Credit Facility.
- On February 7, 2023, the Company successfully activated a medical use retail store (dispensary) in the city of Clearwater, Florida; its fourth medical use retail store in the State of Florida. As of the date of this report, the Company is finalizing timelines to activate its five remaining medical retail facilities in the state of Florida in the cities of Brandon, South Miami Beach, North Miami Beach, Hollywood, and Orange Park.
- On February 10, 2023, the Company announced the launch of Platinum Vape product offerings in the adult use Arizona market. Offerings include more than twelve (12) flavor profiles of its Premium 510 Vapes and Disposable Vape products, stocked in dispensaries across the state. Additional high quality PV branded offerings are expected to be introduced over the course of the 2023 fiscal year.
- On March 10, 2023, the Company entered into a debenture amending the agreement with RGR to document US dollar advances made by RGR to the Company (the "USD RGR Grid Note"). The USD Grid Agreement initially provides for an amendment to an existing USD\$5,850,000 RGR Note for a change in principal with all other terms and conditions remaining the same.
- On March 15, 2023, the Company appointed Edoardo Mattei as its new Chief Financial Officer.
- On March 27, 2023, the Company entered into a secured debenture agreement with Royal Group Resources, Ltd. ("RGR") to document Canadian dollar advances made by RGR to the Company (the "CAD RGR Grid Note"), maturing on September 12, 2024; secured by a first priority security interest in, and pledge of the equity ownership interest of the Company's subsidiary; RWB Michigan, LLC. The CAD RGR Grid Note will bear interest at an aggregate rate of 12% per annum with interest payments on the last day of each month.
- In March 2023, trading on the OTCQX for the Company was suspended, pending the Company completing the filing of form 20Fs for 2021-YE, and 2022-YE. As of the date of this report, the Company is collaborating diligently with its advisors to complete the required filings. Once complete, the Company will work in collaboration with the SEC and the OTCQX to confirm a timeline for reinstatement.

Fiscal Year 2022 ("2022-YE") Consolidated Results (v. Fiscal Year 2021 ("2021-YE"))

- Revenues were \$97.5 million for 2022-YE, a \$60.2 million increase from 2021-YE revenues of \$37.3 million.
- Gross profit before fair value adjustments for 2022-YE was \$27.5 million, an \$8.0 million increase from 2021-YE gross profit before fair value adjustments of \$19.5 million.
- Gross profit after fair value adjustments for 2022-YE was \$27.6 million, a \$4.4 million increase from 2021-YE gross profit after fair value adjustments of \$23.2 million.
- Adjusted EBITDA⁽ⁱ⁾ for 2022-YE was negative \$1.2 million, a \$26.9 million improvement compared to negative Adjusted EBITDA⁽ⁱ⁾ of \$28.0 million for the comparable the 2021 fiscal year.

- Operating expenses for 2022-YE were \$44.9 million, a \$2.4 million decrease from 2021-YE operating expenses of \$47.3 million.
- Losses from operations before other expenses (income) for 2022-YE were \$17.3 million, a decrease of \$6.8 million from losses from operations before other expenses (income) for 2021-YE of \$24.1 million.
- Other expenses for 2022-YE were \$230.0 million, an increase of \$215 million from total other expenses for 2021-YE of \$15.0 million. 2022-YE includes non-cash intangible asset and goodwill impairments totaling \$214.8 million (2021-YE; \$20,390,521).

2022 Fourth Quarter (“2022-Q4”) Consolidated Results (v. 2021 Fourth Quarter (“2021-Q4”))

- Revenues were \$16.5 million for 2022-Q4, a \$14.0 million increase from 2021-Q4 revenues of \$2.5 million.
- Gross profit, before fair value adjustments, was \$1.7 million for 2022-Q4, a \$7.5 million increase from 2021-Q4 consolidated gross loss before fair value adjustments of \$5.8 million.
- Gross profit, after fair value adjustments, was \$6.8 million for 2022-Q4, a \$4.6 million increase from 2021-Q4 consolidated gross profit after fair value adjustments of \$2.2 million.
- Adjusted EBITDA⁽ⁱ⁾ for 2022-Q4 was negative \$2.2 million, a \$32.8 million improvement compared to negative Adjusted EBITDA⁽ⁱ⁾ of \$35.0 million for the comparable the 2021 fiscal year.
- Operating expenses were \$10.3 million for 2022-Q4, a \$15.2 million increase from 2021-Q4 operating expense recovery of \$4.9 million.
- Losses from operations before other expenses (income) were \$3.4 million for 2022-Q4, a \$10.5 million decrease from 2021-Q4 profit from operations before other expenses (income) of \$7.1 million.
- Other expenses were \$213.2 million for 2022-Q4, an increase of \$224.7 million from 2021-Q4 other expense recovery of \$11.5 million. Included in other expenses for 2022-Q4 are non-cash charges for intangible assets and goodwill impairments totaling \$214.8 million.

Consolidated Annual Financial Highlights

	2022-YE	2021-YE	Variance
	\$	\$	\$
Revenue	97,494	37,266	60,228
Cost of goods sold, before fair value adjustments	70,024	17,778	52,246
Gross profit before fair value adjustments	27,469	19,488	7,981
Unrealized changes in fair value of biological assets	2,868	3,432	(564)
Realized fair value amounts included in inventory sold	(2,709)	298	(3,007)
Gross Profit after fair value adjustments	27,628	23,218	4,410
Gross profit Percentage (%)	28%	62%	-34%
Total operating expenses	44,887	47,295	(2,407)
Loss from operations before other expenses (income)	(17,259)	(24,077)	6,818
Impairment of intangible assets	29,540	0	29,540
Impairment of goodwill	185,225	0	185,225
Total other expenses	15,207	14,911	296
Loss before income taxes	(247,231)	(38,988)	(208,243)
Current income tax expense	(8,686)	(3,674)	(5,012)
Deferred income tax recovery	10,355	3,513	6,841
Net loss from continuing operations	(245,562)	(39,149)	(206,414)
Gain (loss) from discontinued operations	3,435	(44,202)	47,637
Net loss for the year	(242,128)	(83,351)	(158,777)
Adjusted EBITDA	(1,149)	(27,988)	26,839

Adjusted EBITDA Exhibit

<i>(in thousands of Canadian dollars)</i>	2022-Q4	2021-Q4	Variance	2022-YE	2021-YE	Variance
	\$	\$	\$	\$	\$	\$
Net Income (Loss) for the Period	(206,078)	(9,541)	(196,536)	(242,128)	(83,351)	(158,777)
Depreciation and Amortization	1,058	4,868	(3,810)	6,296	21,012	(14,717)
Bad debt expense	1,229	-	1,229	1,229	-	1,229
Accreted interest, leases	2,666	-	2,666	2,666	1,423	1,243
Finance expense, net	3,154	9,124	(5,970)	21,831	22,541	(710)
(Gain) loss on revaluation of call/put option	-	(34,308)	34,308	-	(32,055)	32,055
(Gain) loss on evaluation of financial instruments	(804)	-	(804)	(804)	705	(1,509)
(Gain) loss on settlement of debt	(6,503)	21,054	(27,557)	(16,039)	663	(16,702)
(Gain) loss on debt extinguishment	4,296	-	4,296	4,296	-	4,296
Loss on licensing agreement, net	-	-	-	-	20,391	(20,391)
(Gain) loss on disposal of property, plant, and equipment	72	(3)	75	72	-	72
Restructuring costs	774	-	774	1,177	-	1,177
Impairment of intangible assets	29,540	-	29,540	29,540	-	29,540
Impairment of goodwill	185,225	-	185,225	185,225	-	185,225
Foreign exchange	(4,445)	(867)	(3,578)	3,184	1,244	1,940
Earn-out expense (recovery)	-	(9,401)	9,401	-	(9,401)	9,401
Current income tax expense	3,836	(610)	4,446	(8,686)	(3,674)	(5,012)
Deferred income tax recovery	(10,355)	(3,513)	(6,841)	10,355	3,513	6,841
Fair value of biological assets	(5,239)	(3,481)	(1,758)	2,868	3,432	(564)
Realized fair value of amounts in inventory	75	(4,538)	4,613	(2,709)	298	(3,007)
Share based compensation	(721)	(3,783)	3,062	478	4,882	(4,404)
Reversal of license liability	-	-	-	-	20,391	(20,391)
⁽ⁱ⁾ Adjusted EBITDA	(2,221)	(35,001)	32,780	(1,149)	(27,988)	26,839

(i) Refer to Non-IFRS Measures

For additional details on the Company's financial results, please access the Company's filings for fiscal 2022 at: www.SEDAR.com

About Red White & Bloom Brands Inc.

Red White & Bloom is a multi-state cannabis operator and house of premium brands in the U.S. legal cannabis sector. RWB is predominantly focusing its investments on the major U.S. markets, including Arizona, California, Florida, Massachusetts, Missouri, and Michigan.

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FORWARD LOOKING INFORMATION

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 these transactions 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 and same store sales. These measures do not have a standardized meaning prescribed by IFRS and are 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.

The Company calculates Adjusted EBITDA as net income or loss excluding current and deferred income tax expense, finance expense (net), depreciation and amortization, fair value changes in biological assets, changes in inventory sold, share based compensation, gains or losses on revaluation of debts or accounts payable and accrued liabilities, gains or losses on extinguishment of debts or accounts payable and accrued liabilities, impairments of tangible or intangible assets, impairment of goodwill, accreted interest on leases and applicable short term and long term liabilities, gains or losses on asset disposals, foreign exchange, gain or loss on earnouts, and bad debt expense.