



LEEF Brands Inc. Reports Third Quarter 2023 Financial Results

VANCOUVER, British Columbia, Nov. 21, 2023 -- LEEF Brands, Inc. ("LEEF" or the "Company") (CSE: LEEF, OTC: LEEEF), a premier vertical cannabis operator, today announced its financial results for the three and nine months ended September 30, 2023. Unless otherwise noted, all currency references are in United States dollars.

Financial Highlights:

- **Net sales** of \$5.7M for the three months ended September 30, 2023 and \$24.6M for the nine months ended September 30, 2023, represents a year over year increase of 10%.
- **Gross Profit** of \$1.9M for the three months ended September 30, 2023 and \$8.2M for the nine months ended September 30, 2023, represents a year over year increase of 6%.
- **Gross Margin** of 32.8% for the three months ended September 30, 2023 and 33.5% for the nine months ended September 30, 2023.
- **Adjusted EBITDA** of \$224.5K for the three months ended September 30, 2023 and \$1.2M for the nine months ended September 30, 2023.

Management Commentary:

"Our year-over-year growth highlights our resilience and adaptability in the ever-evolving cannabis market," stated Micah Anderson, CEO of LEEF. "A key part of our strategy is the development of the Salisbury Canyon Ranch, our large-scale cultivation site in Santa Barbara County. This new site is not just an expansion; it's a leap forward in our ability to meet growing demand. With the ground-breaking already underway, including well installations and land preparations, we're gearing up for what we anticipate being a substantial harvest next fall. The completion of this farm in 2024 will be the catalyst that improves our biomass supply chain for the concentrate lines LEEF specializes in. This will allow for us to bring predictability, consistency, and higher margins which will position us well in late 2024 and beyond."

"The financial results for this quarter, particularly the 10% year-over-year increase in net sales, underscore our financial strength and the effectiveness of our business strategy," added Kevin Wilson, CFO of LEEF. "While we faced some revenue challenges in the third quarter, our continued focus on high-quality concentrates, customer service, along with strategic right-sizing has resulted in improved gross margins in the third quarter compared to the same period last year. In addition, the Company has decreased operating expenses significantly year over year. These financial indicators are promising, reflecting our commitment to operational efficiency and our pursuit of sustainable growth in the dynamic cannabis market."

Q3 2023 Financial Results Discussion:

Investors are invited to access the financial results and analyses on the Company's investor relations website (<https://www.leafbrands.com/investors>) and SEDAR+ (www.sedarplus.ca).

Subsequent Events to the Three Months Ended September 30, 2023:

The Company has announced the issuance of 18,966,667 common shares at an average price of \$0.03 CAD per share as well as warrants to purchase 9,483,333 with a strike price of \$0.05 CAD, exercisable for two years, to settle \$569,000 CAD of payables to a service provider.

Unaudited Q3 2023 Financial and Operation Metrics:

Adjusted EBITDA

	Three Months Ended		Nine Months Ended	
	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Net Income (Loss) (IFRS)	\$ (1,588,722)	\$ 10,500,449	\$ (23,767,032)	\$ (6,906,903)
Depreciation and amortization	462,400	457,582	1,395,303	1,290,126
Interest expense	832,785	1,015,451	2,863,757	3,253,449
Income tax expense	555,338	200,000	2,340,699	2,304,273
EBITDA (non-IFRS)	(38,200)	12,173,482	(17,167,273)	(59,056)
Adjustments:				
Share-based compensation	200,251	230,627	1,183,393	1,034,821
Change in fair value of contingent consideration	21,129	(3,056,618)	(114,871)	(1,067,914)
Change in fair value of derivative liabilities	(12,727)	(3,295,668)	(1,079,625)	3,243,272
Loss on impairment	1,148	-	17,409,624	-
Acquisition related professional fees	-	26,787	-	2,503,327
Non-recurring operating costs	52,896	239,122	1,012,177	587,083
Adjusted EBITDA (non-IFRS)	\$ 224,495	\$ 6,316,732	\$ 1,243,425	\$ 6,241,634

A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/7e54c037-215d-4080-975c-c395e7963dff>

For the three and nine months ended September 30, 2022, the Company recognized a non-cash gain for the extinguishment of debt in the amount of \$8,155,893 which resulted in Adjusted EBITDA of \$6,316,732. Removing this amount, the Adjusted EBITDA would be a loss of (\$1,839,161) and (\$1,914,259) for the three and nine months respectively. For the nine months ended September 30, 2023, the Company recognized a non-cash impairment of \$17,409,624 which resulted in a large net loss of (\$23,767,032). With this considered, the Company has seen a year over year increase in Adjusted EBITDA of \$2.0M and \$3.2M for the three and nine months ended September 30, 2023.

About LEEF Brands Inc.

LEEF Brands Inc. is a leading California-based extraction and manufacturing cannabis company, recognized for its large-scale vertical integration and as one of the state's most sophisticated operators. With a comprehensive supply chain, cutting-edge manufacturing processes, and a dynamic bulk concentrate portfolio, LEEF powers some of the largest brands in California. For more information, visit www.LeefBrands.com.

LEEF Brands Inc.

Per: "Kevin Wilson"

Chief Financial Officer

SOURCE: LEEF Brands, Inc.

For further information:

LEEF Brands, Inc., Micah Anderson, CEO, or Kevin Wilson, CFO, 707-703-4111, ir@leefca.com

Forward-Looking Statements

This news release contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements") including but not limited to: (i) the continued success of the Company's corporate strategy and proposed initiatives; (ii) the closing of the Company's financing related to the sale of its 60% interest in its cultivation and real estate assets in Santa Barbara, California; (iii) the proposed use of proceeds from the completion of the proposed financing; (iv) the Company's ability to enhance efficiencies across the entire manufacturing process, foster stronger relationships with its client-base and produce a predictable and consistent supply of input material; and (v) its ability to continue to generate positive cashflow from operations. Forward-looking statements reflect current expectations or beliefs regarding future events or the Company's future performance or financial results. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates", "targets" or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. All forward-looking statements, including those herein are qualified by this cautionary statement.

Although the Company believes that the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the statements. There are certain factors that could cause actual results to differ materially from those in the forward-looking information, including financial and operational results not proving to be as expected or on the timelines expected; the Company not completing certain proposed acquisition or financing transactions at all, or on the timelines expected; the Company not achieving the synergies expected; and other risks disclosed in the Company's Annual Information Form and other public filings on SEDAR+ at www.sedarplus.ca. Accordingly, readers should not place undue reliance on forward-looking statements.

For more information on the Company, investors are encouraged to review the Company's public filings on SEDAR+ at www.sedarplus.ca. The forward-looking statements and financial outlooks contained in this news release speak only as of the date of this news release or as of the date or dates specified in such statements. 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, other than as required by law.