



For Immediate Release

News Release

November 20, 2024

HERBAL DISPATCH REPORTS 2024 THIRD QUARTER FINANCIAL RESULTS

- Gross sales increased by 120% to \$3.3 million in Q3 2024 from \$1.5 million in Q3 2023;
- Year-to-date gross revenue reached \$9.2 million, reflecting 183% growth over the prior year;
- Export sales grew to \$0.8 million in Q3 2024 and reached \$2.6 million year-to-date in 2024; and
- Achieved positive adjusted EBITDA in Q3 2024, marking positive adjusted EBITDA in three of the past four fiscal quarters.

Vancouver, B.C. – Herbal Dispatch Inc. (**CSE: HERB**) (“**Herbal Dispatch**” or the “**Company**”) is pleased to announce its financial results for the third quarter ended September 30, 2024. Gross revenue in Q3 2024 increased to \$3.3 million, reflecting an increase of over 120% compared to Q3 of last year. Year-to date, the Company generated \$9.2 million in gross revenue for the nine months ended September 30, 2024, marking a 183% increase from the \$3.3 million reported for the same period in 2023. Strong growth in both domestic recreational cannabis sales and exports were the largest drivers of this increase.

In Q3 and year-to-date in 2024, Herbal Dispatch continued to expand its export relationships, generating export revenue of \$0.8 million and \$2.6 million (three and nine months ended September 30, 2023 - \$nil and \$0.4 million), respectively. The Company expects to see an increase in exports over the next few quarters, fueled by growing demand in international markets and ongoing efforts to establish new client relationships in various countries.

Herbal Dispatch also experienced a significant increase in domestic sales through the expansion of customer relationships and by enhancing its retail portfolio with a wider variety of products. This includes the new "Happy Hour" brand, which has continually gained traction in the market since launching earlier this year. This brand includes a competitively priced range of products, such as pre-rolls, vapes, flower, and THCA toppers, with more items set to launch soon. Additionally, in September 2024, Herbal Dispatch expanded its direct delivery service to Saskatchewan, building on its success in British Columbia. Saskatchewan dispensaries now have streamlined access to Herbal Dispatch’s extensive range of premium cannabis products via its online marketplace.

Herbal Dispatch also reported positive adjusted EBITDA of \$7 thousand in Q3 2024, marking positive adjusted EBITDA in three of the last four fiscal quarters. Net loss improved to \$0.4 million in Q3 2024, down from a loss of \$0.5 million in the prior year.

“We are encouraged by our strong revenue growth and achieving positive adjusted EBITDA,” commented Philip Campbell, Herbal Dispatch’s President and CEO. “As we look toward 2025, we are focused on developing new profitable sales channels and efficiently scaling our operations. Our goals include expanding domestic sales across Canada and growing our export sales in both established markets, such as Australia and Portugal, and new international markets.”



Consolidated financial statements

The full version of the condensed interim consolidated financial statements and associated management's discussion & analysis for the three and nine months ended September 30, 2024 can be viewed under the Company's profile on SEDAR+ at www.sedarplus.ca and will also be made available on the Company's website at www.herbaldispatch.com.

Convertible debenture amendments

Herbal Dispatch is proposing to amend the terms of two outstanding unsecured convertible debentures (collectively, the "**Debentures**"). One Debenture in the principal amount of \$438,000 is owing to 0971289 B.C. Ltd., a company controlled by Drew Malcolm, a director the Company. The second Debenture in the principal amount of \$500,000 is owing to Herb Dhaliwal, a director the Company. The Debentures currently have an annual coupon rate of 14% per annum, payable monthly, and mature on January 31, 2025. The Debentures are also convertible, at the holder's option, into common shares of the Company at \$0.50 per share (the "**Conversion Price**"), and at the Company's election, during any period where the trading price of the Company's common shares is \$1.00 (the "**Threshold Price**") or greater for a period of 20 consecutive trading days.

The Company proposes to enter into amendments to the Debentures, with such amendments having an effective date as of December 20, 2024, whereby: (a) the maturity date is to be amended from January 31, 2025, to January 31, 2026, (b) the Conversion Price from CAD\$0.50 (on a post-consolidated basis) to CAD\$0.06 (subject to applicable conversion price restrictions for convertible debentures under the policies of the CSE), and (c) the Threshold Price from CAD\$1.00 (on a post-consolidated basis) to CAD\$0.12.

These proposed amendments are subject to approval by disinterested shareholders at the Company's next Annual General and Special Meeting currently set to occur on December 16, 2024 (the "**Shareholder Meeting**"). For more information regarding the Debentures and the proposed amendments, please refer to the meeting materials that have been prepared and will be circulated in advance of the Shareholder Meeting.

ABOUT HERBAL DISPATCH INC.

The Company owns and operates leading cannabis e-commerce platforms and is dedicated to providing top quality cannabis to informed consumers at affordable pricing. The Company's flagship cannabis marketplace, *herbaldispatch.com*, is a trusted source for exclusive access to small-batch craft cannabis flower and a wide-array of other product formats. The Company's common shares trade on the Canadian Securities Exchange under the symbol "HERB"

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NON-IFRS MEASURES

Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation, amortization, share based compensation, loss (gain) on disposal of assets, loss (gain) on investments, loss (gain) on settlement of debt, impairment losses, loss (gain) on foreign exchange and accretion expense. The Company believes that, in addition to net income (loss), adjusted EBITDA is a useful measure as it provides an indication of the financial results generated by its principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions and before certain non-cash items such as depreciation, amortization, and other items. Adjusted EBITDA does not have any standardized meaning as prescribed by IFRS and therefore, is considered a non-IFRS measure and may not be comparable to similar measures presented by other issuers.

A reconciliation of net loss to adjusted EBITDA for each of the periods presented in this news release follows:

\$	Three Months Ended		Nine Months Ended	
	Sept30 2024	Sept 30 2023	Sept 30 2024	Sept 30 2023
Net loss	(388,156)	(533,040)	(1,127,115)	(1,620,472)
Add/subtract:				
Share based compensation	10,825	-	10,825	-
Interest and other	84,634	34,091	177,832	82,910
Gain on settlement of debt	-	-	(19,912)	(103,543)
Loss on investments	195,510	-	195,510	-
Foreign exchange gain/loss	1,846	(13,559)	(11,455)	(295)
Accretion expense	1,016	9,987	2,939	26,906
Depreciation & amortization	101,468	100,465	302,998	290,060
Adjusted EBITDA	7,143	(402,056)	(468,378)	(1,324,434)

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:

Certain statements in this news release, including statements or information containing terminology such as “anticipate”, “believe”, “intend”, “expect”, “estimate”, “may”, “could”, “will”, and similar expressions constitute “forward-looking statements” within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, that address activities, events, or developments that the Company or a third party expect or anticipate will or may occur in the future, including the Company’s future growth, results of operations, performance, and business prospects and opportunities are forward-looking statements. These forward-looking statements reflect the Company’s current beliefs and are based on information currently available to the Company. These statements require the Company to make assumptions it believes are reasonable and are subject to inherent risks and uncertainties.



Actual results and developments may differ materially from the anticipated results and developments discussed in the forward-looking statements as certain of these risks and uncertainties are beyond the Company's control. These risk factors are interdependent and the impact of any one risk or uncertainty on a particular forward-looking statement is not determinable. Examples of forward-looking statements in this news release and the key assumptions and risk factors involved in such statements include, but are not limited to, executing the Company's strategic growth initiatives for 2024 and beyond, including growing sales both domestically and via export and achieving positive adjusted EBITDA in future fiscal quarters. The successful execution of these initiatives is subject to a number of risks and uncertainties, including industry competition, and future customer demand for the Company's products, among others.

Consequently, all of the forward-looking statements made in this news release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected effects on the Company. These forward-looking statements are made as of the date of this news release. Except as required by applicable securities legislation, the Company assumes no obligation to update publicly or revise any forward-looking statements to reflect subsequent information, events, or circumstances.

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