



# **Avant Brands Inc.**

## **2024 Q1 Results**

### **Conference Call Transcript**

**Date:** April 16<sup>th</sup>, 2024

**Time:** 1:00 PM PT / 4:00 PM ET

**Speakers:** **Norton Singhavon**  
Chief Executive Officer

**Jeremy Wright**  
Chief Financial Officer

**Cole Lesueur**  
Investor Relations



**Operator:**

Welcome to the Avant Brands' 2024 Q1 Results Conference Call.

As a reminder, all participants are in listen-only mode, and the conference is being recorded. After the presentation, there will be an opportunity for institutional analysts to ask questions. To join the question queue, you may press \*, then 1, on your telephone keypad. Should you need assistance during the conference call, you may signal an operator by pressing \*, then 0.

I would now like to turn the conference over to Cole Lesueur, Investor Relations. Please go ahead.

**Cole Lesueur:**

Thank you, Operator, and good afternoon everyone. Welcome, and thank you for joining Avant Brands' 2024 Q1 Results Conference Call. My name is Cole Lesueur, Investor Relations for Avant Brands.

Speaking on our call today are Avant's Founder and Chief Executive Officer, Norton Singhavon, and Chief Financial Officer, Jeremy Wright.

Our 2024 Q1 results were disseminated yesterday and are now available on SEDAR+ and our website at [www.avantbrands.ca](http://www.avantbrands.ca).

Before we get started, I wish to remind everyone that some statements made on today's call are forward-looking in nature and, therefore, are subject to certain risks and uncertainties, all of which are outlined in detail in our regulatory filings available on SEDAR+.

On this call, we will refer to the Company as Avant Brands or Avant.

I will now turn the discussion over to Jeremy to share the Company's financial highlights. Norton will then provide a strategy update. Please go ahead, Jeremy.

**Jeremy Wright:**

Good afternoon, everyone, and thank you for joining us today.

As my first quarter back, I'm pleased to report a strong record quarter for Avant Brands. Our press release issued yesterday details key financial and operational highlights for the three months ended February 29, 2024, compared to the same period last year.

Financially, Q1 2024 demonstrated a return to growth and the achievement of several significant milestones. We exceeded our guidance with gross revenue of \$8.9 million, up from guidance of \$8.2 million to \$8.8 million. Net revenue increased 15% year-over-year to a record of \$8.1 million. Gross margin reached a record \$4.7 million with a healthy 58% margin overall. Canadian recreational reached 63%, while exports achieved a 74% margin. And The Flowr acquisition significantly reduced production costs and boosted revenue.

We generated positive cash flow at a record of \$3.8 million and cash flow from operations before nonworking capital adjustments. Adjusted EBITDA was also \$3.8 million, reflecting a 47% Adjusted EBITDA margin of net revenue. Notably, Avant has achieved positive EBITDA for six of the past seven quarters and positive cash flow before working capital changes for seven consecutive quarters. We achieved a record \$1.2 million in adjusted net income, demonstrating significant improvement driven by cost-control measures and increased sales.

Additionally, Avant recently announced a private placement to secure up to \$3.89 million in gross proceeds. These funds will primarily support working capital needs with a \$600,000 lead order from a strategic investor, demonstrating continued confidence in Avant's future.

I'll now turn this over to our Founder, Norton Singhavon, to discuss operations and strategic initiatives in more detail. Norton?

**Norton Singhavon:**

Thank you, Jeremy.



We'd like to take a moment to welcome Jeremy back to Avant Brands as our CFO. His instrumental role in our start-up phase was invaluable, and his return is a significant asset as we embark on our next growth chapter.

In Q1 2024, Avant secured five new cannabis export agreements, bringing our total to 12 across Israel, Australia and Germany, a market with a combined population of 120 million. We've only begun supplying eight of these clients, and the remaining four are expected to contribute to the revenue throughout the fiscal year. Export remains our fastest-growing channel and a key driver for building BLK MKT into a globally iconic cannabis brand.

The Canadian recreational market, especially in Ontario, remains highly competitive. These challenges impacted us in the latter half of the previous fiscal year. Despite the domestic headwinds that we face, we're very excited about the international market's potential. It is our fastest-growing revenue stream, effectively offsetting the challenges faced in Ontario.

We continue to counter price compression strategies in Canada and international markets. Notably, our export selling price remains strong at \$4.30 a gram, and our BLK MKT brand maintained its premium price point. This demonstrates that customers recognize and value our commitment to consistent and high-quality products.

As this industry consolidates, companies like Avant, equipped to weather these storms, will be well-positioned for future growth and profitability.

Looking ahead, we'll maintain our presence in the Canadian recreational market while aggressively pursuing export growth. This includes securing new clients in existing markets, entering emerging markets, and launching BLK MKT in countries that we export to.

Additionally, our newly acquired genetics will provide product diversification, ensuring we stay ahead of consumer trends.



We'll also be pursuing opportunities to increase production, improve cultivation efficiency and implement cost-reduction measures.

Despite our results from 2023, we believe that the results of Q1 demonstrate our ability to be entrepreneurial while being committed to cost-reduction measures. Our ability to swiftly counter declining Ontario sales by relentlessly pursuing international sales has proven to be an effective approach. This hopefully provides our shareholders with confidence that the management team at Avant will do whatever it takes for us not only to succeed but also to be extremely competitive and play to win.

Thank you for your continued support and interest in Avant Brands. Now, we will open up the floor to questions.

**Operator:**

Thank you. We'll now begin the question-and-answer session for institutional analysts. To join the question queue, please press \*, then 1, on your telephone keypad. You'll hear a tone acknowledging your request. If you are using a speakerphone, you may pick up your handset before pressing any keys. To withdraw your question, press \*, then 2. We'll pause for a moment so institutional analysts can join the queue.

Once again, any institutional analysts with a question may press \*, then 1.

There appear to be no questions. This concludes the question-and-answer session. I'd like to turn the conference back over to Norton Singhavon for any closing remarks.

**Norton Singhavon:**

Thank you again, everyone, for joining us today. If you have questions or would like to contact us, please reach out to us anytime. Thank you very much, and have a great day.



**Operator:**

This concludes today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.

