



1933 Industries Reports Second Quarter Financial Results for Fiscal Year 2020

VANCOUVER, B.C., CANADA (March 31, 2020) – 1933 Industries Inc. (the “Company” or “1933 Industries”) (CSE: TGIF) (OTCQX: TGIF), a vertically integrated cannabis consumer packaged goods company, announces its second quarter 2020 (“Q2 2020”) financial results for the period ended January 31, 2020. All amounts expressed are in Canadian dollars.

During Q2 2020, the Company successfully completed two capital projects that were its primary strategic focus: completion of its new Las Vegas cultivation facility and commencement of cultivation in such facility by its subsidiary, Alternative Medicine Association (AMA); and expansion of its cultivation and manufacturing operation to California under a management agreement with Green Spectrum Trading Inc. (“Green Spectrum”) to support its portfolio of consumer packaged goods and licensing partners. The projects spanned two quarters and required extensive capital expenditures and resources and are notable milestones for the Company. The Company also continued to attract premium brands as partners in Nevada, and added edibles brand The Pantry Company as well as premier cannabis brand Bloom™ to its extensive product portfolio.

While the Company utilized the necessary resources to bring its infrastructure projects in Nevada and California online, it maintains a strong cash position, with a balance of \$9.1 million available as of Q2 2020 for on-going operations.

Q2 2020 saw lower than expected revenues due to reduced overall sales for the Company’s cultivation arm as it transitioned from its old facility to its new cultivation facility in Las Vegas and a slower than expected recovery of vape and distillate sales. Year-to-date revenues are \$7 million while Q2 2020 revenues were \$3.1 million, a 20% decrease from the previous quarter and a 15% decrease from Q2 2019.

The costs of maintaining shelf space resulted in a negative gross margin of \$776,000. Other factors contributing to this were necessary biomass purchases from third parties and the high overhead of the cultivation facility during the aforementioned facility transition, ramp-up and grow period. During Q2 2020, the Company reported its first harvest from the new Nevada facility with continuous harvests to follow. Moving forward, the Company foresees significantly reducing the above expenses as it moves to continuous cultivation and harvests, which will allow it to produce sufficient amounts of biomass as inputs for its products. The cultivation facility has improved processes and efficiencies to reduce labour and continues to optimize its operation.



The Company recorded a net loss of \$6.4 million or \$0.02 per share for Q2 2020. Adjusted EBITDA loss was \$4.8 million for Q2 2020 compared to \$3.4 million during Q2 2019.

Selected Financial Information

All amounts expressed are in Canadian dollars.

Q2 2020 Consolidated Results			
	Q2 2020	Q1 2020	Q2 2019
Revenues	\$3,139,265	\$3,881,183	\$3,682,561
Gross margin	(\$775,917)	\$2,085,104	\$2,050,308
Cash balance	\$9,144,470	\$14,872,277	\$8,811,807
Net loss	(\$6,421,360)	(\$3,816,298)	(\$2,926,982)
Comprehensive loss	(\$6,031,828)	(\$3,962,300)	(\$3,110,781)
Adjusted EBITDA loss	(\$4,821,517)	(\$1,827,699)	(\$3,427,872)
Basic and diluted loss per share	(\$0.02)	(\$0.01)	(\$0.01)
Total assets	\$55,289,649	\$61,358,608	\$54,237,227
Total liabilities	\$25,833,196	\$26,033,715	\$15,107,066
Total equity	\$29,456,453	\$35,324,893	\$39,130,161



Segmented Information

AMA	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Revenues	\$1,467,052	\$1,759,367	\$2,759,629	\$1,784,861	\$1,289,579
Gross margin	(1,521,225)	\$897,278	(\$887,985)	(\$949,925)	\$174,785
Infused					
Revenues	\$1,672,213	\$2,121,816	\$3,209,450	\$2,812,500	\$2,392,981
Gross margin	\$745,308	\$1,187,828	\$1,145,789	\$2,088,367	\$1,875,522

Management Commentary by Mr. Chris Rebentisch, CEO

“During Q2 2020, the Company successfully completed a number of corporate initiatives, including:

- Achieving the first harvest of cannabis plants from its new facility in Nevada
- Completing the expansion of the California cultivation facility in conjunction with Green Spectrum
- Establishing local manufacturing for a California-compliant Canna Hemp™ line of CBD products
- Debuting its AMA branded line of THC concentrates, as well as that of its licensing partner, Blonde™ into the California market
- Substantial progress on two capital projects: expansion of its THC production facility and its hemp extraction lab

While the vape crisis had a negative effect on revenues across both THC and CBD products during the first two quarters of fiscal 2020, we have seen a slight rebound in demand subsequent to the end of the second quarter. Sales of CBD products also slowed down due to increased competition and the lack of a clear regulatory environment for CBD. Our focus has been to bring our assets into continuous production in order to lower our costs of production and improve our margins. We have made significant progress in achieving this and we are now witnessing the results of these efforts in the first two months of our third quarter.

The Company has instituted cost-saving measures across its operations and remains committed to reducing overhead expenses. During and subsequent to the reporting period, the Company reduced its workforce by 24%, decreased expenses related to operating as a public company by 68%, and decreased other non-operating expenses by 24%.

Our outlook for the remainder of 2020 is for limited revenue growth, as the Company adapts to current market conditions. We are taking prudent measures to weather the economic



environment precipitated by COVID-19 and the corresponding measures implemented by governments around the world.

Our main priority in the short-term is to continue to cut non-revenue-generating costs and manage and conserve our cash position, while simultaneously increasing our sales growth across all product segments, strengthening our brands and distribution across the country, and implementing a direct to consumer strategy. These efforts include the delay of both expansion projects. The hemp lab requires significant capital expenditures to complete and given the uncertain situation surrounding the COVID-19 pandemic, with business and government permitting offices closed, and delays in equipment deliveries, further work on the hemp lab is now postponed. The THC extraction lab has received permitting but construction will not move ahead at this time. Instead, we are preparing to maximize production of THC concentrates in the existing facility and are confident that we can nonetheless increase production significantly through operating expenditures, rather than investing the significant CAPEX required for the building updates. The Board and Management of the Company are confident that these temporary measures are necessary in the current environment while there is a tightening of access to capital for cannabis operators. By implementing sound, disciplined and prudent financial measures, we are confident that the current cash position will sustain the Company until market conditions improve, affording us the longevity that is necessary to achieve future growth. Our projections for a significant increase in revenue growth and profitability remain unchanged for fiscal 2021.

By establishing a strong foundation and infrastructure in both Nevada and California, we remain focused and prepared for long-term, sustainable growth, with increased revenues, margins, profitability and value for our shareholders as our ultimate goals.”

Q2 2020 Key Developments

- On November 4, 2019, the Company launched its newest product, the Birdhouse CBD Balm by Canna Hemp X™. The CBD Balm was developed in collaboration with Birdhouse Skateboards™, targeting the action sports market.
- On December 10, 2019, the Company announced the execution of a two-year licensing agreement between AMA and The Pantry Company Inc. for the sale of edible products in Nevada.
- On December 12, 2019, the Company announced a second licensing agreement with OG DNA Genetics ("DNA"). This agreement will grant 1933 license to the DNA brand for the production and sale of hemp-derived CBD products.
- On January 7, 2020, the Company announced that it had readied its California operations to begin manufacturing its line of proprietary CBD wellness products with full-spectrum



CBD for the ever-growing California dispensary market, as well as debuting its AMA-branded THC products for the first time in that state.

- On January 9, 2020, the Company announced a licensing agreement between AMA and Capna Intellectual, Inc., developer of The Bloom Brand ("Bloom™") for the exclusive license to manufacture a wide range of Bloom™ products for the Nevada market.
- On January 24, 2020, the Company announced the appointment of seasoned senior executives in the beauty and CPG industries to its Board of Directors, Ms. Lisa Capparelli and Mr. Mark Baynes, and announced that Mr. Brayden Sutton and Mr. Cameron Watt had resigned as directors. Mr. Terry Taouss was appointed Chairman of the Board.
- On January 27, 2020, the Company retained the services of PI Financial Corp. and Independent Trading Group for market making services.

Developments Subsequent to January 31, 2020

- On February 14, 2020, the Company announced that the first harvest of cannabis plants from its California operation was under way and it had commenced distribution of California-compliant full spectrum Canna Hemp™ products to dispensaries in the state. First commercial harvest marked the California debut of AMA and Blonde™ Cannabis products.
- On February 26, 2020, the Company announced that Ms. Jeannette VanderMarel will be providing advisory services to the Company in the areas of business development and corporate governance.
- On March 18, 2020, the Company announced that the State of Nevada required the closing of all nonessential businesses for the next 30 days due to the COVID-19 pandemic. The closing mandate does not affect cannabis operators or licensed dispensaries. As such, the Company is continuing its regular operations, with cultivation and manufacturing facilities in Nevada remaining open. The Company introduced new protocols and enhanced measures to address the challenges of the pandemic with strict adherence to local, state and national guidance to protect against the disease, mitigate risks and create a safe environment.

Please note the next financial release dates in accordance with the continuous disclosure schedule set out by the British Columbia Securities Commission:

Q3 2020 (June 29/20); Q4/YE 2020 (Nov 30/20); Q1 2021 (Dec 30/20)

Detailed information on the financials and the management's discussion and analysis can be found at <https://sedar.com/>

About 1933 Industries Inc.

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1933 Industries is a vertically-integrated company, focusing on the cultivation and manufacturing of cannabis consumer branded goods in a wide range of product formats. Operating through two subsidiaries, the Company controls all aspects of the value chain with cultivation, extraction, processing, and manufacturing assets supporting its diversified portfolio of cannabis brands and licensing partners.

Our award-winning proprietary portfolio of brands include: AMA flower and AMA concentrates as well as CBD-infused Canna Hemp™, Canna Hemp X™, and Canna Fused™ products. Partners under licensing agreements include: Birdhouse Skateboards™, Blonde™ Cannabis, Bloom™, Denver Dab Co., Grizzly Griptape, OG DNA Genetics, The Pantry Company, PLUGplay, and The Original Jack Herer®.

The Company owns 91% of Alternative Medicine Association, LC (AMA), and 100% of Infused MFG LLC. 1933 Industries continues to focus its operations in the licensed US cannabis industry as a multi-state operator in Nevada, Colorado and California. The Company operates in California via a management services agreement with Green Spectrum Trading Inc., a medicinal and recreational cannabis business licensee in the state.

About Canna Hemp™

Canna Hemp™ CBD Relief Cream was named “Best Topical” by Leafy’s Best in State: The Top State Specific Products and Experiences of 2018.

<http://www.cannahemp.com>

<https://www.leafly.com/news/strains-products/best-in-state-2018-nevada-cannabis>

About Canna HempX™

Canna Hemp X™ was named “Best Topicals for Pain” by Herb’s Guide to the Best Cannabis Products on the Planet. Canna Hemp X™ is a CBD sports recovery cream for athletes, bridging the gap between recovery and top performance.

<http://www.cannahempx.com>

<https://herb.co/learn/best-cannabis-products/>

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