



1933 Industries Reports Q3 2020 Financial and Operational Results

The Company perseveres through COVID, while new leadership brings renewed focus on execution

VANCOUVER, B.C., CANADA (June 29, 2020) – 1933 Industries Inc. (the “Company” or “1933 Industries”) (CSE: TGIF) (OTCQX: TGIF), a vertically integrated cannabis consumer packaged goods company, announces its third quarter 2020 (“Q3 2020”) financial results for the three months ended April 30th, 2020. Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Detailed information regarding the Company’s financial results as well as management’s discussion and analysis can be found at <https://sedar.com/> and <https://1933industries.com/>.

Financial Summary of Q3 2020 (February 1, 2020 to April 30, 2020)

All amounts expressed are in Canadian dollars.

Operating Results

- Revenue of \$2.6 million (a 17% decrease from the previous quarter, which was \$3.1 million)
- Gross margin of \$0.9 million (an improvement of 186% from the previous quarter, which was a loss of \$0.8 million)
- Operating expenses were \$5.6 million
- Net loss of \$4.7 million, or \$0.02 per share (a 27% decrease from the previous quarter, which was a loss of \$6.4 million, or \$0.02 per share)
- Adjusted EBITDA loss of \$3 million (an improvement of 45% from the previous quarter, which was a loss of \$4.8 million)

Balance Sheet

- Cash of \$4.9 million (a 46% decrease from the end of the previous quarter, which was \$9.1 million)
- Total assets were \$54.6 million (a slight decrease from \$55.3 million at the end of the previous quarter)
- Total liabilities were \$27.8 million (a slight increase from \$26 million at the end of the previous quarter)
- Total equity of \$26.8 million

Business Highlights

- Scaled up operations in the cultivation facility in Las Vegas, with all 15 grow rooms populated and continuous harvests occurring every 14 days



- Since the start of the fiscal year, the Company has reduced overall SG&A by 46%, decreased public company expenses by 68%, and decreased other non-operating expenses by 24%, which should be fully reflected in the coming quarter
- Launched a new line of Canna Hemp™ products made with hemp seed oil
- Significantly increased B2C E-Commerce, with Canna Hemp™ products available in 10 online marketplaces
- Subsequently to the quarter end, appointed Mr. Paul Rosen as CEO and Mr. Eugene Ruiz as President with a renewed focus on execution and profitability

Selected Financial Information

Q3 2020 Consolidated Results			
	Q3 2020	Q2 2020	Q3 2019
Revenues	\$2,554,067	\$3,139,265	\$4,597,361
Gross margin	\$912,310	(\$775,917)	\$1,138,442
Cash balance	\$4,853,403	\$9,144,470	\$14,691,715
Net loss	(\$4,729,687)	(\$6,421,360)	(\$7,277,020)
Comprehensive loss	(\$2,915,923)	(\$6,031,828)	(\$6,432,408)
Adjusted EBITDA loss	(\$3,005,707)	(\$4,821,517)	(\$6,312,841)
Basic and diluted loss per share	(\$0.02)	(\$0.02)	(\$0.03)
Total assets	\$54,617,135	\$55,289,649	\$60,756,930
Total liabilities	\$27,809,920	\$25,833,196	\$13,831,853
Total equity	\$26,807,215	\$29,456,453	\$46,925,077

COVID-19 Update

During Q3 2020, the Company's revenues were adversely impacted by COVID-19 related closures in Nevada, resulting in significantly lower-than-expected sales across the Company's product lines, in particular its AMA business line. The market disruption precipitated by the loss of tourism in Las Vegas and the challenges of serving the local market through home-delivery only services was a major factor in the revenue decline. Although cannabis businesses were designated essential services, brick-and-mortar retail stores were initially closed and only allowed sales via delivery. While the Company continued its regular cultivation and manufacturing operations, the substantial decrease in the number of tourists and the retail limitations impacted demand for the Company's products. Subsequent to the reporting period, dispensaries were permitted to do curbside pickups and have since been allowed limited in-store sales. The State of Nevada announced plans to further reopen the economy and, subsequent to the quarter end (on June 4, 2020), several resort properties opened a portion of their operations to the public. The Company's operations in California were also negatively impacted by COVID-19.



The Company's cultivation facilities have continued to operate during the pandemic by implementing added precautions to ensure the health and safety of all its employees and by adhering to additional measures introduced by local, state and national authorities. As dispensaries and businesses re-open, the Company should benefit from a return to normal activities.

The Company will continue to monitor local developments related to COVID-19 and assess operations as the situation evolves. The outlook for the remainder of fiscal 2020 is for limited revenue growth as the Company adapts to the uncertainty with respect to the spread of COVID-19, its duration and its effects on the economy.

Mr. Stephen Radusch, CFO of 1933 Industries, stated: "During this challenging period, our main priority has been to implement prudent financial measures that will enable us to weather the uncertain climate brought on by the temporary closure of retail locations where our products are sold. We have reduced expenses and we are carefully managing our cash position, while maintaining operations amidst the pandemic. Going forward, we will continue to focus on cost controls and additional reductions as we improve efficiencies. We have continued to push the cultivation facility to full capacity, while building inventory for our AMA branded extraction products. As consumer buying trends have been shifting to online sales, we have adapted our strategy for our CBD business to meet the changing needs of our consumers with expanded online sales channels for our Canna Hemp™ line."

Mr. Eugene Ruiz, the newly-appointed President of 1933 Industries, further stated: "We intend to evaluate all of our corporate initiatives to ensure that they are profitable contributors to growth. We continue to take appropriate measures to reduce our expenses, so that we can effectively manage our business as the Las Vegas market returns to normal, with our over-arching goal of getting 1933 Industries to cash flow positive as soon as possible."

Given the economic conditions precipitated by COVID-19, the Company temporarily postponed further expenditures towards its expansion projects in Nevada for both hemp and cannabis extraction. As such, the Company is holding off on any further capital investments to complete the hemp lab and, while the THC extraction lab has received all necessary permits, the Company is pausing further construction for the time being. Instead, the Company has taken measures to maximize production of THC concentrates in the existing facility and it is confident that it can continue to increase production significantly without the planned construction improvements. The decisions will be re-assessed when market conditions change.

Segmented Information



AMA	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Revenues	\$1,495,669	\$1,467,052	\$1,759,367	\$2,759,629	\$1,784,861
Gross margin	\$392,508	(1,521,225)	\$897,278	(\$887,985)	(\$949,925)
Infused					
Revenues	\$1,058,398	\$1,672,213	\$2,121,816	\$3,209,450	\$2,812,500
Gross margin	\$519,802	\$745,308	\$1,187,828	\$1,145,789	\$2,088,367

Q3 2020 Key Developments

- On February 14, 2020, the Company announced that the first harvest of cannabis plants in California was under way and that it had commenced distribution of California-compliant full spectrum Canna Hemp™ products to dispensaries in the state. First commercial harvest marks the California debut of AMA and Blonde™ Cannabis products.
- On March 18, 2020, the State of Nevada required the closing of all non-essential businesses for 30 days due to the global outbreak of the COVID-19 virus. The mandate did not require the closure of cannabis operators or licensed dispensaries and the Company continued regular operations, with its cultivation and manufacturing facilities in Nevada remaining operational.
- On March 30, 2020, the Company announced that it had begun its second harvest of cannabis plants from its cultivation facility located in Las Vegas, marking the beginning of continuous harvests in Nevada.

Subsequent Events

- On June 3, 2020, the Company announced that it will hold an extraordinary meeting of holders of 10% senior unsecured convertible debentures due September 14, 2021, to consider and vote on a number of debenture amendments on June 29, 2020.
- On June 15, 2020, the Company announced the appointments of Mr. Paul Rosen as CEO and Mr. Eugene Ruiz as President. As part of the leadership changes, Mr. Chris Rebentisch departed the Company and no longer serves as CEO, and Ms. Ester Vigil departed the Company and no longer serves as President.

Please note the next financial release dates in accordance with the continuous disclosure schedule set out by the British Columbia Securities Commission:
 Q4/YE 2020 (Nov 30/20); Q1 2021 (Dec 30/20)

About 1933 Industries Inc.

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/>

For further information please contact:

Alexia Helgason, VP, IR and Corporate Communications

604-674-4756 (ext. 1)

alexia@1933industries.com

Paul Rosen, CEO

604-674-4756 (ext. 1)

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reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. These statements speak only as of the date of this news release. Actual results could differ materially from those currently anticipated due to a number of factors and risks including various risk factors discussed in the Company's disclosure documents, which can be found under the Company's profile on www.sedar.com. 1933 Industries undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.