



1933 Industries Announces Third Quarter 2022 Financial Results

VANCOUVER, B.C., CANADA (June 29, 2022) – 1933 Industries Inc. (the “Company” or “1933 Industries”) (CSE: TGIF) (OTCQB: TGIFF), a Nevada-focused cannabis consumer packaged goods company, is pleased to announce its third quarter (“Q3 2022”) financial results for the three and nine months ended April 30, 2022. All amounts expressed are in Canadian dollars.

Financial statements are prepared in accordance with International Financial Reporting Standards. 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/investors/financial-information>

During fiscal 2022, the Company made substantial changes to its cultivation and production facilities which have resulted in significant improvements in the quality of its flower and the input for its extracted products, as well as higher productivity and quantity of units sold. These changes have led the Company to achieve higher revenues compared to its previous quarter and have laid the foundation for improved performance going forward. The Company’s cannabis cultivation subsidiary recorded a 33% increase in revenues from the sale of cannabis flower, pre-rolls and extraction products due to the optimization of both its cultivation and processing facilities. Output from its cultivation has been drastically increasing and yield has almost doubled from a year ago. The Company deployed strategic capital to make the necessary improvements and hired operations and sales leadership, which have resulted in improved performance in both output and added self-space in dispensaries. Focus was also placed on reducing the cost of goods, which in turn increased gross margins.

The Company and Day One Beverages, Inc. (**Day One**) mutually agreed to terminate the binding Letter of Intent between the parties for the Company to acquire 100% of all of the authorized and issued shares of Day One. After a full due diligence review, the parties mutually agreed that it would be in their best interests to not move forward with acquisition. Under the terms of the mutual termination, Day One repaid all funds provided by the Company via interim loans of approximately USD\$500,000.

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Q3 2022 Financial Highlights			
	Q3 2022	Q2 2022	Q3 2021
Revenues	\$4,256,280	\$3,208,082	\$3,370,510
Gross margin	\$2,010,693	\$1,470,286	\$2,467,154
Expenses	\$13,667,716	\$2,404,798	\$1,884,481
Net income/loss for the period	(\$12,375,391)	(\$819,814)	\$582,673
Basic and diluted loss per share	(0.03)	(\$0.00)	0.00
Comprehensive loss for the period	(\$12,235,156)	(\$647,979)	(\$513,716)
Adjusted EBITDA loss	\$336,104	(\$340,150)	\$1,404,081
Cash balance	\$966,053	\$803,187	\$5,918,633
Total assets	\$33,725,904	\$44,637,986	\$47,036,485
Total liabilities	\$22,451,940	\$21,111,356	\$19,293,232
Total liabilities and shareholders' equity	\$33,725,904	\$44,637,986	\$27,743,253

Q3 2022 CONSOLIDATED OPERATING FINANCIAL HIGHLIGHTS

- Total revenues were \$4.3 million for Q3 2022 and \$3.4 million for Q3 2021. The increase in revenues for the quarter as compared to Q3 2021 was primarily due to an increase in the Company's cultivation subsidiary, Alternative Medicine Association (**AMA**) revenues as cannabis sales begin to normalize to pre-pandemic levels with the full return of tourism to the state of Nevada.
- Expenses were \$13.7 million for Q3 2022 and \$1.9 million for Q3 2021. The increase in expenses is due to a one-time, non-cash goodwill impairment expense of \$11,472,845 (USD\$8,968,766) related to the Company's Infused MFG (**Infused**) subsidiary. Without the impairment, expenses were \$2.2 million compared to \$2.4 million in Q2, 2022. Higher expenses are also attributed to an increase in cannabis transferred to production, which increased taxes payable to the state of Nevada related to AMA. License fees, taxes, and insurance were \$1,080,836, compared to \$208,321 during Q3 2021. Sales of Infused CBD products remain soft and have not recovered from the COVID-19 pandemic.
- Gross margin was \$2.0 million or 47% for Q3 2022 and \$2.5 million or 73% for Q3 2021. The decrease in gross margin percentage from the prior year is due to refinements to the Company's inventory estimates which has resulted in the reclassification of certain costs from inventory to cost of sales.



- General and administration expenses were \$447,021, compared to \$413,114 during Q3 2021. This increase above the prior year is primarily driven by higher advertising, promotion and selling costs as the Company began to normalize cannabis sales to pre-pandemic levels with the return of full tourism to the state of Nevada. Offsetting this increase was a decrease in investor relations, travel and entertainment and office expenses. The Company continues to make strategic cost reductions. It is the priority of the Company's executive management to continue to reduce costs, with the goal of reaching consistent profitability in the near future.
- Net loss from continuing operations was \$11.7 million for Q3 2022 and a net income from continuing operations of \$0.6 million for Q3 2021 due the non-cash goodwill impairment expense related to Infused.
- Adjusted EBITDA was \$0.3 million for Q3 2022 and an adjusted EBITDA of \$1.4 million for Q3 2021.

Q3 2022 KEY DEVELOPMENTS

- The Company announced the resignation of Mr. Mark Baynes from its Board of Directors and the appointment of Mr. Ranson K. Shepherd as a director of the Company.
- The Company announced the sale of Nevada real estate assets for total net proceeds of USD\$1.27 million. The Company completed the sale of two parcels consisting of 2.78 acres of M1 zoned land, located in Las Vegas. The Company originally purchased the lots for USD\$835,000 in 2017. Proceeds from the sale will be used for general working capital.
- In connection with the transaction with Day One, the Company entered into a loan agreement (the "Loan Agreement") where the Company agreed to loan up to USD\$500,000 through a line of credit. The line of credit was non-interest bearing until January 31, 2022. Subsequent to January 31, 2022, any borrowing will accrue interest at a rate of 10% per annum until paid in full. Any principal together with all accrued interest and fees thereon, was due and payable on or before December 31, 2022. Up until the principal, together with all accrued interest and fees thereon, is paid back in full, the Company had an absolute right to convert any or all of the principal balance, and any accrued amounts of interest and fees thereon, into shares of common stock of borrower. Such conversion to equity shall be based upon borrower's valuation of USD\$4,500,000.



- The Company issued 372,666 common shares pursuant to the conversion of \$32,000 of convertible debentures and interest payable on the convertible debentures of \$5,267.

DEVELOPMENTS SUBSEQUENT TO APRIL 30, 2022

- As a result of the termination of the Day One transaction, the Loan Agreement was also terminated. Pursuant to the termination, the loan receivable plus accrued interest in the amount of USD\$480,515 was due and payable in full on or before June 30, 2022 (the “Loan Repayment”). In addition, on or before June 9, 2022, the Company was to be reimbursed for costs incurred of USD\$30,052. On June 28, 2022, the Company received the Loan Repayment and reimbursement for costs incurred.

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

Financial Release Dates	
Reporting Quarter	Release Date
Q4/YE 2022	November 28, 2022
Q1/2023	December 30, 2022
Q2/2023	April 3, 2023
Q3/2023	June 29, 2023
Q4/YE 2023	November 28, 2023

About 1933 Industries Inc.

1933 Industries is a Nevada-based, growth-orientated company, focusing on the cultivation and manufacturing of a large portfolio of cannabis consumer-packaged goods in a variety of formats for both the wholesale and retail markets. Its product offerings include: THC flower, pre-rolls, and extracted products under the AMA and Level X brands for the Nevada market; Canna Hemp™, national cannabidiol (CBD) brand of infused wellness products including tinctures, gummies, topicals and sport recovery products. The Company owns 91% of Alternative Medicine Association, LC (AMA) and 100% of Infused MFG LLC (Infused).

www.1933industries.com

About Alternative Medicine Association

AMA is a licensed medical and adult-use cannabis cultivation and extraction subsidiary that produces its own branded line of unique cannabis products. AMA’s extensive menu of cannabis products include: craft cannabis flower, pre-rolls, full spectrum oils, high quality



distillates, proprietary blends of terpenes, vaporizer products and boutique concentrates such as shatter, crumble, batter, sugar wax, diamonds, and live resin. Ultra-craft brand Level X is an exclusive collection of exotic strains, selected specifically for their distinctive terpene profiles, high THC levels, and flavonoids. With state-of-the-art cultivation and extraction facilities based in Las Vegas, Nevada, AMA seeks to offer medical patients and recreational users alike a cannabis experience that's exceptional, potent, and consistent in quality. www.amanev.com

AMA is also licensed in Nevada as an adult-use cannabis distributor.

About Canna Hemp™

With over 50 products in its portfolio, the Canna Hemp™ brand offers products in a variety of verticals and consumption formats, including, effects-based tinctures, topicals, vape pens and cartridges, gummies, and capsules for Sleep, Relief, Calm, Focus and Energy. High-grade CBD and a proprietary blend of terpenes formulated for specific effects are key differentiators for the Canna Hemp™ line. The Company recently introduced previously untapped cannabinoids Cannabigerol (CBG) and Cannabinol (CBN) to its portfolio of products with a new line of natural tinctures and gummies.

www.cannahemp.com

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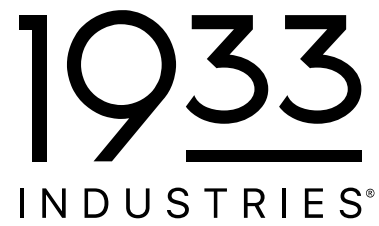
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results could differ materially from those currently anticipated due to a number of factors and risks including various risk factors discussed in the Company's disclosure documents, which can be found under the Company's profile on www.sedar.com. 1933 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.