



## 1933 Industries Reports Fourth Quarter and Annual Financial Results for Fiscal Year 2022

VANCOUVER, B.C., CANADA (November 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 fourth quarter (“Q4 2022”) and audited annual financial results for the year ended July 31, 2022 (“Fiscal 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>

Under current leadership the Company has stabilized its operations and decreased expenses from the previous year by \$1.9 million, without compromising revenue. During fiscal 2022, the enhancements made to the Company’s cannabis cultivation facility resulted in the doubling of yield from its previous year and provided the necessary input material to increase its production of extracted products. The Company has proven to be an experienced operator with a well-positioned cultivation facility that can continue to scale. As the market normalizes to pre-Covid levels, the Company will continue to find ways to operate more efficiently to increase revenues and achieve profitability.

<b>Fiscal 2022 Consolidated Results</b>		
	<b>July 31, 2022</b>	<b>July 31, 2021</b>
Revenues	\$12,537,937	\$11,975,021
Gross margin	\$2,690,425	\$4,819,967
Expenses	\$20,207,099	\$10,625,390
Cash balance	\$363,274	\$4,405,849
Net loss	(\$18,065,674)	(\$6,287,423)
Comprehensive loss	(\$17,759,356)	(\$8,458,259)
Adjusted EBITDA loss	(\$3,704,453)	(\$2,175,170)
Basic and diluted loss per share	(\$0.04)	(\$0.02)
Current assets	\$12,347,016	\$11,149,216
Total assets	\$29,009,677	\$45,353,816
Current liabilities	\$8,670,738	\$2,709,806
Total liabilities	\$21,486,952	\$20,121,280
Equity	\$7,522,725	\$25,232,536
Total liabilities and shareholders’ equity	\$29,009,677	\$45,353,816

# 1933

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Q4 2022 Compared to Q4 2021 Consolidated Results		
	Q4 2022	Q4 2021
Revenues	\$2,607,511	\$2,510,169
Gross margin	(\$1,893,656)	(\$70,881)
Net loss for the period	(\$3,921,644)	(\$2,642,456)
Comprehensive loss	(\$3,755,471)	(\$2,270,333)
Adjusted EBITDA loss	(\$3,396,429)	(\$2,105,312)
Basic and diluted loss per share	(\$0.01)	(\$0.00)

## **FISCAL 2022 CONSOLIDATED OPERATING FINANCIAL HIGHLIGHTS**

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### **Revenues**

- Total revenues were \$12.5 million for fiscal 2022 and \$12.0 million for fiscal 2021. The Company owns 91% of Alternative Medicine Association (AMA), the Company's cultivation and production subsidiary focused on the cultivation and sale of medical and adult-use cannabis products, and 100% of CBD product manufacturer Infused MFG LLC (Infused). The Company's revenue is derived from wholesale cannabis sales in Nevada (AMA), and from the sale of hemp-derived consumer packaged goods (Infused) under the Canna Hemp™ brand sold across the US via ecommerce at cannahemp.com. In Nevada, cannabis sales surged during the Covid 19 pandemic but began to recede in late 2021. As a result, the Company faced continued wholesale pricing pressure in the state, where prices have steadily declined since its highs in 2020. Despite the market correction, AMA has seen consistent sales compared to 2021 with a 4% increase in cannabis flower sales and a 34% increase in concentrate products and vape sales. The Company continued to secure shelf space in dispensaries and consistently ranked among to top sold brands in the state based on the strength of AMA's value offerings and premium products in the Las Vegas market. As prices normalize to pre-pandemic levels, the Company remains confident for strong growth in 2023 and expects the demand for flower and extracted products to accelerate as adult-use consumption lounges are launched.
- Sales of the Company's hemp-infused consumer packaged goods remained soft during fiscal 2022 due to decreased wholesale demand in dispensaries and brick and mortar accounts and macro-economic headwinds driving down consumer spending.

### **Expenses**

- Expenses were \$20.2 million for fiscal 2022 and \$10.6 million for fiscal 2021. The increase was primarily due to a one-time, non-cash goodwill impairment expense of \$11,540,439 related to Infused, as well as to an increase in cannabis transferred to production which increased state taxes payable to the state of Nevada related to AMA. Without this one-time charge, expenses dropped by \$1,958,730 from the previous year.



### **Gross Margin**

- Gross margin was \$2.7 million for fiscal 2022 compared \$4.8 million during fiscal 2021. The decrease in gross margin from the prior year is due to the drop in the price of cannabis which has been reflected in the realized value of biological assets.

### **General and administration expenses**

- G&A were \$2.0 million compared to \$1.3 million during fiscal 2021. This increase from the prior year is driven by increased office expenses and advertising due to an increase in AMA revenues as cannabis sales begin to normalize to pre-pandemic levels in the state of Nevada. Offsetting these increases was a decrease in investor relations and travel and entertainment. 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**

- Net loss was \$18.1 million for fiscal 2022 and \$6.3 million for fiscal 2021. Without the non-cash items, the net loss is \$3.8 million for fiscal 2022 and \$4.3 million for fiscal 2021.
- Adjusted EBITDA loss was \$3.7 million for fiscal 2022 and \$2.2 million for fiscal 2021.

### **FISCAL 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 \$1,624,739 (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 \$1,097,293 (USD\$835,000) in 2017. Proceeds from the sale will be used for general working capital.
- The Company and Day One Beverages, Inc. 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 the acquisition. The Company entered into a loan agreement with Day One where the Company loaned up to \$639,600 (USD\$500,000) through a line of credit. The loan receivable plus accrued interest in the amount of \$623,313 (USD\$480,515) as well as costs incurred of \$38,193 (USD\$30,052) was paid in full on June 28, 2022.
- 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 JULY 31, 2022**

- On August 15, 2022, 750,000 outstanding stock options expired unexercised.
- On August 24, 2022, debenture holders approved the amendment of the conversion price applicable to the convertible debentures to \$0.05 per share being the lowest price at which the Company is permitted to amend the conversion price, the reduction of the price per share for interest payments on the Debentures from \$0.10 to \$0.05 per share, if the Company in its sole discretion elects to pay such interest through the issuance of its common shares, and the extension of the maturity date for the Debentures from September 14, 2022 to December 31, 2023.
- On September 3, 2022, 5,295,270 outstanding warrants expired unexercised.
- On September 27, 2022, the Company completed the sale of a building for net proceeds of \$3.1 million (USD\$2.43 million). Proceeds from the sale will be used for general working capital.
- The Company issued 3,495,376 common shares pursuant to the conversion of \$169,241 of convertible debentures and interest payable on the convertible debentures of \$5,528.

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

<b>Financial Release Dates</b>	
<b>Reporting Quarter</b>	<b>Release Date</b>
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](http://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](http://www.amanev.com)

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

### **About Canna Hemp™**

With over 65 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](http://www.cannahemp.com)

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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](http://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.