



## 1933 Industries Reports Profit in Q3 2024 Financials

VANCOUVER, B.C., CANADA (July 2, 2024) – 1933 Industries Inc. (the “Company” or “1933 Industries”) (CSE: TGIF) (OTCQB: TGIFF), a Nevada-focused cannabis cultivator and producer, is pleased to announce its unaudited interim consolidated financial statements for the three and nine months ended April 30, 2024 and 2023 (“Q3 2024”). All amounts expressed are in Canadian dollars.

The Company owns 91% of Alternative Medicine Association (AMA), the Company’s cultivation and production subsidiary centred on the medical and adult-use cannabis market. Focusing on quality and value offerings, the Company wholesales cannabis flower, pre-rolls and boutique concentrate products under its proprietary AMA brand to retail accounts in the state of Nevada. AMA branded products consistently rank as top sellers based on volume in the state and the Company is a key supplier in the Las Vegas market.

### Q3 2024 Financial Highlights

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- Total revenues of \$4.9 million for Q3 and \$15.1 million YTD
- Gross profit of \$2.3 million and \$5.4 million YTD
- Net profit of \$0.1 million compared to a net loss of \$3.3 million in 2023
- Adjusted EBITDA was an income of \$0.7 million YTD compared to a loss of \$2.6 million in 2023
- Top selling cannabis brand in Nevada<sup>1</sup>
- #1 Flower rank
- #1 Concentrate rank
- #3 Pre-Roll rank

### Management Commentary

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“The increase in revenue, gross margin, and net profit this quarter is a direct result of the strategic measures undertaken over the last year to optimize our cultivation and drive operational efficiencies. While there are always challenges affecting the overall cannabis industry, the Company continues to work towards achieving sustainable profitability, and this quarter was a reliable indication that we are on the right track”, said Mr. Paul Rosen, Chairman and CEO of the Company.

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<sup>1</sup> <https://www.headset.io/brands/alternative-medicine-association-ama>



“The AMA brand continues to enjoy robust sales in Nevada, with strong brand presence and consumer loyalty. We have been able to achieve this by building trusted relationships with both our customers and our retail clients over the years, and by providing a strong value proposition based on quality, consistency, and high touch customer service”, stated Ms. Ester Vigil, President and Director of Sales at 1933 Industries.

According to Headset, a business intelligence aggregator for cannabis retailers, AMA “has shown remarkable consistency and dominance in the Nevada market, particularly in the Concentrates category, where it has maintained the top rank for four consecutive months. This consistency in ranking suggests a strong brand presence and consumer loyalty in this category. In the Flower category, the brand experienced a notable improvement, climbing to the number one spot in April 2024 before settling back to the second position in May 2024. This fluctuation indicates competitive dynamics in the Flower market but also highlights the brand's ability to lead in high-demand categories. In the Pre-Roll segment, AMA has maintained a steady third position from February to May 2024, reflecting a stable performance”<sup>2</sup>.

### **Q3 2024 and Q3 2023 Consolidated Operating Highlights**

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#### **Revenues**

In Q3 2024, total revenues were \$4.9 million compared to \$4.1 million for Q3 2023. The increase in revenues is attributed to the strength of the AMA brand in Nevada, to the upgrades and improvements to the cultivation facility completed in Q4 2023, and to the fair market valuation of biological assets. For the nine months ended April 30, 2024, the Company recorded revenues of \$15.1 million compared to \$13.3 million during the same period in 2023.

#### **Gross Profit**

The Company generated gross profit of \$2.3 million in the current period compared to gross loss of \$1.6 million recorded in the prior year comparable period, indicating stable production costs against revenues. Gross margin was 47% in Q3 2024 and a negative gross margin of 39% in Q3 2023. The increase in gross profit was primarily due to a more efficient operation, the upgrading of plant equipment and facility improvements and the fair market value adjustments of biological assets. Gross profit for the nine months ended April 30, 2024 was \$5.4 million, compared to a gross loss of \$1 million during the same comparable period in 2023.

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<sup>2</sup> <https://www.headset.io/brands/alternative-medicine-association-ama>



### **Expenses**

During the reporting period, expenses were \$2.2 million for Q3 2024 compared to \$1.8 million for Q3 2023. The increase from the prior year comparable period was primarily due to additional license, taxes and insurance costs in Q3 2024, as well as legal and professional fees, wages and benefits resulting from higher cultivation and production wages. Overall, the Company has made significant progress in reducing operating expenses compared to the prior year comparable period by decreasing general and administration expenses, management and consulting fees and lower share-based compensation.

### **Net Profit/Loss**

Company-wide, Q3 2024 net earnings were \$0.1 million for Q3 2024 and comprehensive loss was \$31,189. Net loss was \$3.4 million and comprehensive loss was \$3.2 million in the prior year comparable period. For the nine months ended April 30, 2024, Adjusted EBITDA was an income of \$0.7 million compared to a loss of \$2.6 million during the same reporting period in 2023. The Company continues to improve margins and control costs, without compromising quality, and will remain focused on revenue growth.

### **Q3 2024 Key Developments**

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On December 29, 2023, the Company announced the renegotiation of its convertible debentures with an original maturity date of December 31, 2023. Of the total principal of \$3,114,000, holders of \$3,073,000 agreed to be issued replacement debentures and holders of \$41,000 of the convertible debentures were repaid in cash during February 2024. The renegotiated debentures accrue interest at 10% per annum, may be converted into units of the Company and mature on December 31, 2025. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.05 for a period of five years from the date of issuance of the new convertible debentures. Interest in arrears resulting from the original debentures remains payable in cash or may be settled through the issuance of units of the Company at \$0.05 per unit.

The Company suspended its Canna Hemp™ CBD consumer packaged goods subsidiary while it assesses the viability of the CBD market going forward. The market demand for hemp-infused CBD products has continued to decrease since the COVID pandemic, primarily due to increased competition, the closure of brick-and-mortar stores, and customers exiting the CBD category. The lack of federal rules on CBD products, and the grey area surrounding the introduction of psychoactive Delta 8 compounds into products under the ambiguity of the Farm Bill continue to erode the traditional CBD market and hinder future growth.



The Company announced that its wholly owned subsidiary, FN Pharmaceuticals, entered into a Membership Interest Purchase Agreement to acquire from the Company's then Executive VP and General Counsel, Caleb Zobrist, his nine percent (9%) of the issued and outstanding membership interests of AMA. Upon successful completion of this transaction, FN Pharmaceuticals would own 100% of the membership interest in AMA. Mr. Zobrist's employment agreement ended in accordance with the term specified therein. There is no guarantee that this transaction will close.

Subsequent to the reporting period, the Company announced its intention to complete a non-brokered private placement financing consisting of a maximum of 120,000,000 Units, at a price of \$0.015 per Unit, for gross proceeds of a maximum of \$1,800,000. Each Unit shall consist of one common share in the capital of the Company ("Share") and one Share purchase warrant ("Warrant"), with each Warrant entitling the holder thereof to purchase a Share at an exercise price of \$0.05 for a period of five years from the date of issuance. The Company is raising capital and reviewing various strategic options, including, M&A activity, the sale of certain Company assets, and a shift in business focus. These actions are being undertaken to position the Company well for the anticipated rescheduling of cannabis.

The Company believes that the changing climate in the United States regarding the proposed reclassification of cannabis as a Schedule III controlled substance, will have an overall positive impact in the industry. It is expected that the US Department of Justice under President Joe Biden will reschedule cannabis as a substance of lower risk, thereby recognizing the potential medicinal benefits of the plant.

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://sedarplus.ca/> and <https://1933industries.com/investors/financial-information>

In accordance with the continuous disclosure schedule set out by the British Columbia Securities Commission, the Company will release its audited fourth quarter and year-end financial report by November 28, 2024.

#### **About 1933 Industries Inc.**

1933 Industries is a Nevada-based licensed producer, focused on the cultivation and extraction of a large portfolio of cannabis consumer products in a variety of formats under its flagship brands, Alternative Medicine Association (AMA) and Level X. Its product offerings are cultivated at the Company's 68,000 sq. ft. indoor facility and marketed directly to retail dispensaries. AMA branded flower, infused pre-rolls, and in-house boutique



concentrates consistently rank as the top products sold in Nevada. For more information, please visit [www.1933industries.com](http://www.1933industries.com)

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