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Canadian Securities Exchange: Symbol J

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## **Lotus Announces Financial Results for Fiscal Year 2022**

**Vancouver, British Columbia – February 23, 2023 – Lotus Ventures Inc. (CSE:J) (OTC:LTTSF) (“Lotus” or the “Company”)** a North Okanagan based licensed cannabis producer and the owner of Lotus Cannabis Co.™, a premium-craft consumer brand in Canada announced the financial results for the period ending August 31, 2022.

### **CORPORATE HIGHLIGHTS**

The primary feature of Fiscal 2022 was the diversification of sales channels from an almost exclusive business-to-business (“B2B”) sales model to adding additional business-to-consumer (“B2C”) channels. Difficulties in the B2B market generated a steep decline in sales volume and pricing which culminated in a large year-end loss of \$4,792,759 after significant inventory and fair value accounting write-downs. Overhead and operating expenses are lean, and the Company has obtained short-term debt from related and other parties during this transition period. At the date of this news release, sales are recovering as we implement the marketing and sales evolution strategy initiated last year. The highlights of our efforts during the year-end August 31, 2022 are as follows:

- Lotus received approval for the Direct Delivery sales program in British Columbia for cultivators producing under 3,000kg per year. Subsequent to the year-end, the Company started utilizing the program through wholesale relationships in BC.
- Building on the evolving sales diversification strategy detailed in the news release dated July 27, 2022, Lotus has made progress in the B2C channels by applying for provincial product calls in BC, Ontario and Atlantic Canadian provinces, and by diversifying wholesale partners in BC.
- Lotus continued the development of its product portfolio of exclusively grown strains in the legal Canadian market. Lotus added three premium strains to its production which are first-to-market strains in the legal Canadian market. As of the date of this news release, the Lotus Keylime Kush 3.5g flower and 3 x 0.5g pre-rolls are being sold in British Columbia with additional announcements expected in 2023.

### **SALES AND MARKETING HIGHLIGHTS**

- In April 2022, following on the successful launch of the Kalifornia, Lotus launched the Tranquil Elephantizer in collaboration with Kolab Project. During the year-end period, the Tranquil Elephantizer was sold in a 3.5 gram format in British Columbia and Ontario. Lotus continued sales efforts for the Kalifornia and Tranquil Elephantizer with both products listed in British Columbia and Ontario during the year.

- The Company sold a total of 1,013kg of cannabis in the 12-month period, generating revenue of \$1.6 million. Bulk wholesale of cannabis accounted for 100% of revenue during the 12-month period. The Lotus flower was sold primarily in British Columbia and Ontario during the year compared to in several provinces in previous years.
- During the year, the wholesale selling price of flower was between \$1.25 and \$3.50 per gram. The overall market has become oversaturated which has resulted in price compression.

## **OPERATIONAL HIGHLIGHTS**

- During the year, Lotus completed its 100<sup>th</sup> consecutive production harvest since commencing operations in 2018. The Company has found operational success with its Controlled Environment Agriculture (CEA) method of indoor hydroponic cannabis cultivation.
- Lotus harvested its largest single LOT of the Tranquil Elephantizer with over a 50% greater yield than original expectations. Tranquil Elephantizer has been grown with THC ranging between 21% to 28% and terpene content between 2.0% and 3.3%.
- The Company produced 2,008kg during the 12-month period ending August 31, 2022 compared to 2,200kg in the prior year period. As at August 31, 2022, the Company had approximately 1,439kg of cannabis available for sale consisting of the Kalifornia and Tranquil Elephantizer strains.
- Lotus finished developing its subsequent premium cannabis strains, following strong launches of the Kalifornia and Tranquil Elephantizer. Building on tradition, the recently grown Lotus strains are again expected to be first-to-market in Canada and are expected to be in the range of 24% to 30% in THC content and between 2.5% and 3.1% in terpene content.

## **SELECTED ANNUAL INFORMATION**

The following selected financial information is derived from the Company's audited consolidated financial statements for the years ended August 31, 2022, 2021 and 2020.

<b>Description</b>	<b>Year ended August 31, 2022</b>	<b>Year ended August 31, 2021</b>	<b>Year ended August 31, 2020</b>
<i>Revenues</i>	\$1,689,783	\$5,481,479	\$4,629,743
<i>Net income (loss)</i>	(\$4,792,759)	\$241,097	\$1,494,002
<i>Income (loss) per share, basic and fully diluted</i>	(\$0.05)	\$0.00	\$0.02
<i>Total assets</i>	\$13,471,193	\$16,907,742	\$16,908,437
<i>Total long-term liabilities</i>	\$Nil	\$Nil	\$Nil
<i>Cash dividends declared</i>	\$Nil	\$Nil	\$Nil

## **SUMMARY OF QUARTERLY RESULTS**

During the year ended August 31, 2022, the Company had net loss of \$4,792,759 (2021 - \$301,797 net income). The financial results of the Company for the eight most recent quarters are summarized below:

<b>Description</b>	<b>Three months ended Aug 31, 2022</b>	<b>Three months ended May 31, 2022</b>	<b>Three months ended Feb 28, 2022</b>	<b>Three months ended Nov 30, 2021</b>
<i>Revenues</i>	\$449,574	\$459,090	\$370,551	\$410,568
<i>Net income (loss)</i>	(\$4,930,606)	(\$103,573)	\$176,127	\$65,293
<i>Income (loss) per share, basic and diluted</i>	(\$0.05)	\$0.00	\$0.00	\$0.00
<i>EBITDA</i>	(\$4,633,554)	\$122,671	\$399,757	\$279,830
<i>Total assets</i>	\$13,471,193	\$17,640,121	\$17,678,148	\$17,172,703
<i>Total long-term liabilities</i>	\$Nil	\$Nil	\$Nil	\$Nil
<i>Cash dividends / share</i>	\$Nil	\$Nil	\$Nil	\$Nil

<b>Description</b>	<b>Three months ended Aug 31, 2021</b>	<b>Three months ended May 31, 2021</b>	<b>Three months ended Feb 28, 2021</b>	<b>Three months ended Nov 30, 2020</b>
<i>Revenues</i>	\$1,235,937	\$1,437,763	\$1,431,509	\$1,376,270
<i>Net income (loss)</i>	\$42,625	\$208,893	\$329,414	\$(339,835)
<i>Income (loss) per share, basic and diluted</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>EBITDA</i>	\$264,876	\$433,488	\$547,044	\$(116,506)
<i>Total assets</i>	\$16,907,742	\$16,845,615	\$16,841,875	\$16,413,969
<i>Total long-term liabilities</i>	\$Nil	\$Nil	\$Nil	\$Nil
<i>Cash dividends / share</i>	\$Nil	\$Nil	\$Nil	\$Nil

During the three months ended August 31, 2022 the Company recognized a net loss of \$4,930,606, compared net income of \$42,625 for the three months ended August 31, 2021.

Net income for the three months ended August 31, 2022 decreased by \$4,962,812 as a result of the decline in sales and gross margin, and impairment of inventory in the current period as compared to the prior comparative period.

Loans payable at year-end, primarily from related parties totalled \$1,011,020 up from \$319,704 the previous year. As at December 31, 2022 the amount outstanding totalled approximately \$2,920,508.

For details see Note 9 and Note 13 of the Audited Statements.

Significant items making up the change for the three months ended August 31, 2022 as compared to the three months ended August 31, 2021 were as follows:

- Gross margin before fair value adjustments decreased by \$838,566 as a result of the decrease in sales and impairment of inventory.
- Impairment of \$1,437,000 in harvested cannabis inventory recognized due to the capitalized costs exceeding the estimated net realizable value of that inventory in the three months ended August 31, 2022.
- Loss for changes in fair market value of biological assets increased by \$2,455,985 due to the decline in the market prices.
- Bank fees and interest increased by \$122,597 as a result of an increase in interest on outstanding loans received.

For more information about the Audited Financial Statements, please visit [lotuscannabis.ca/investors](http://lotuscannabis.ca/investors) or [SEDAR.com](http://SEDAR.com).

## **ON BEHALF OF LOTUS VENTURES INC:**

Lotus Ventures Inc.

*"Dale McClanaghan"*

Dale McClanaghan, President and CEO

### **About Lotus Ventures Inc.**

Lotus Ventures Inc. is a BC-based licensed producer of premium cannabis. Lotus owns the premium-craft consumer brand Lotus Cannabis Co.™ which has had its cannabis flower sold by wholesale partners in all provinces to date. Lotus is an experienced cultivator on a mission to produce the cleanest and most consistent premium cannabis in Canada. With operations in the North Okanagan B.C., the Lotus Cannabis team has launched popular cultivars like the Keylime Kush, Black Blossom, Tranquil Elephantizer and Kalifornia and currently has flower being sold in British Columbia, Alberta, Manitoba, and Ontario.

To invest in the Company, Lotus Ventures Inc. is listed on the Canadian Securities Exchange (CSE:J), on the OTC Markets (OTC:LTTSF) and on the Frankfurt Stock Exchange (FRA:LV9).

### **For More Information:**

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To learn more, visit [lotuscannabis.ca](http://lotuscannabis.ca) and follow the Lotus Cannabis Co.™ brand on social media.

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### **Forward-Looking Information:**

This document includes certain statements that are not descriptions of historical facts but are forward-looking statements. Such statements include, among others, those concerning our expected financial performance and strategic and operational plans, our future operating results, our expectations regarding the market for medical and recreational cannabis products, our expectations regarding the continued growth of the medical and recreational cannabis market, as well as all assumptions, expectations, predictions, intentions, or beliefs about future events. Users are cautioned that any such forward-looking statements are not guarantees of future performance and that a number of risks and uncertainties could cause our actual results to differ materially from those anticipated, expressed or implied in the forward-looking statements. These risks and uncertainties have not been documented or mentioned in this document nor other communications

made by the company. The words "believe," "expect," "anticipate," "project," "targets," "optimistic," "intend," "aim," "will" or similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Company assumes no obligation and does not intend to update any forward-looking statements, except as required by law.

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