



Christina Lake Cannabis Reports Third Quarter Fiscal 2022 Results

- Total sales grew 25% quarter over quarter, and 126% from Q3'21
- Total revenue increased to \$2.9M from \$2.3M in Q2'22, and \$1.3M in Q3'21
- Gross margin before fair value adjustments of 48%
- General and administrative expenses decreased to 35% of revenue

Vancouver, British Columbia, November 1, 2022 - (CSE: CLC) Christina Lake Cannabis Corp. (the "Company" or "Christina Lake") is pleased to report its financial results for the third quarter fiscal 2022 ended August 31, 2022 ("Q3'22"). All amounts are expressed in Canadian dollars unless otherwise noted.

"I am honored to be able to report a record quarter at Christina Lake," said Christina Lake CEO Mark Aiken. "This represents our highest revenue per quarter, with 25% growth over last quarter. As one of Canada's leading extractors, our team remains focused on driving significant growth with our high-quality extracts, while continuing to look for new opportunities in the market. On top of this, we have delivered another quarter of positive net income."

Third Quarter 2022 Financial Highlights

The following table of financial highlights is presented in thousands of Canadian dollars.

	Q3'22	Q2'22	Q3'21
	Three months ended August 31, 2022	Three months ended May 31, 2022	Three months ended August 31, 2021
Revenue	\$ 2,912	\$ 2,321	\$ 1,291
Cost of Sales	(1,512)	(1,027)	(532)
Gross Profit before fair value	1,400	1,294	758
Changes in the fair value of inventory sold	(504)	(442)	(743)
Gross profit	895	852	16
Fair value change on growth of biological assets	3,002	-	5,430
General and Administrative Expenses	(1,032)	(969)	(1,295)
Total other items	(344)	139	(371)
Net Income	\$ 2,521	\$ 22	\$ 3,780

Revenue grew 25% to \$2.9M from \$2.3M in the prior quarter, and from \$1.3M in Q3'21. Revenue growth was driven by the growing demand in our premium distillate, extended product offerings, and expanding customer base.

Gross Margin Before Fair Value Adjustments was 52% of net revenue for the nine-month period ended August 31, 2022, compared with 60% in the comparative prior year period. The Company continued to realize production efficiencies to combat price compression in the wholesale distillate market as production and sales continued to ramp up. This was offset by an evolving product mix, which included



the monetization of slower moving inventory.

Total general & administrative (“G&A”) expenses declined by 20% in Q3’22 compared to in Q3’21, driven by year-over-year reductions in corporate development, marketing, and share based compensation expenses. G&A decreased to 35% of revenue during the quarter, compared with 42% in Q2’22 and 100% in Q3’21.

Net income in Q3’22 was \$2.5M which is a \$1.3M decrease from Q3’21. The year-over-year decline is primarily driven by a decrease in the fair value change on the growth of biological assets, which was offset by an increase in revenue and reduction in G&A expenses.

Cash & Working Capital

As at August 31, 2022, the Company had working capital of \$10.4M, which consisted of \$1.2M of cash, \$1.7M in receivables, \$4.6M of inventory, \$4.4M of biological assets, and \$1.6M of current liabilities.

The Company was able to optimize processing techniques which lead to consistent production of high potency distilled oils and other extracts, while adding additional processing capacity. That improvement was a key contributor to the significant increase in the revenue from the prior fiscal year. Fiscal 2021 was the first year the Company established a commercial inventory for the sale of premium extracts and cannabis products. The Company intends to finish processing its remaining biomass and oils in inventory, and will look to accelerate processing of its third 2022 harvest.

ABOUT CHRISTINA LAKE CANNABIS CORP.

Christina Lake Cannabis is a licensed producer of cannabis under the Cannabis Act. It has secured a standard cultivation license and corresponding processing amendment from Health Canada (March 2020 and August 2020, respectively) as well as a research and development license (early 2020). Christina Lake Cannabis’ facility consists of a 32-acre property, which includes over 950,000 square feet of outdoor grow space, offices, propagation and drying rooms, research facilities, and a facility dedicated to processing and extraction. Christina Lake Cannabis also owns a 99-acre plot of land adjoining its principal site. CLC focuses its production on creating high quality extracts and distillate for its B2B client base with proprietary strains specifically developed for outdoor cultivation to enhance extraction quality.

For more information, please visit www.christinalakecannabis.com and www.sedar.com. CLC.CN

For more Information, please contact:

Jennifer Smith
Investor Relations and Media Inquiries
Jennifer.Smith@loderockadvisors.com

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meaning of applicable securities laws (“Forward-Looking Statements”) including and not limited to: the revenue growth; future crop growth and distillate sales; production capacity; and operating expenses. Forward-Looking Statements are based on certain expectations and assumptions and are subject to known and unknown risks and uncertainties and other factors that could cause actual events, results, performance and achievements to differ materially from those anticipated in these Forward-Looking Statements. Forward-Looking Statements should not be read as guarantees of future performance or results. Readers are cautioned not to place undue reliance on these Forward-Looking Statements, which speak only as of the date of this press release. The Company disclaims any intention or obligation, except to the extent required by law, to update or revise any Forward-Looking Statements as a result of new information or future events, or for any other reason.

The press release should be read in conjunction with the management’s discussion and analysis (“MD&A”) and unaudited condensed consolidated interim financial statements and notes thereto as at and for the nine months ended August 31, 2022. Readers should also refer to the section regarding “Non-IFRS Measures” in the immediately following section of this press release. Additional information about Christina Lake is available on the Company’s profile on SEDAR at www.sedar.com.

In this press release, reference is made to gross profit/(loss) before fair value adjustments which are not measures of financial performance under International Financial Reporting Standards (IFRS). These metrics and measures are not recognized measures under IFRS, do not have meanings prescribed under IFRS and are as a result unlikely to be comparable to similar measures presented by other companies. These measures are provided as information complementary to those IFRS measures by providing a further understanding of our operating results from the perspective of management. As such, these measures should not be considered in isolation or in lieu of a review of our financial information reported under IFRS. Further information regarding the above can be found in the MD&A for the nine months ended August 31, 2022, filed under the Company’s profile on SEDAR at www.sedar.com