

## Christina Lake Cannabis Reports Fourth Quarter and Full Year Fiscal 2022 Results

### Fiscal 2022 Highlights

- Revenue up 177% to \$10.1M from \$3.6M in Fiscal 2021
- Gross margin of \$4.1M or 41.1% before fair value adjustments.
- Decreased G&A expenses by \$729k or 14%
- Increased total harvested dried biomass to 42,000 kg, from 38,000 kg in Fiscal 2021

**VANCOUVER, British Columbia, April 03, 2023 – Christina Lake Cannabis Corp. (the “Company” or “CLC” or “Christina Lake Cannabis”)** is pleased to report its financial results for the fourth quarter and fiscal year ended November 30, 2022 (“Q4’22” or “Fiscal 2022”). All amounts are expressed in Canadian dollars unless otherwise noted.

“Our investment in refinement technologies and expanded production capacity is playing a pivotal role in driving increased sales,” said Mark Aiken, Chief Executive Officer of Christina Lake Cannabis. “As a result of this increased capacity we have been able to diversify our product offering to better serve our customers’ needs. Through tightly managed customer engagements we have significantly increased our revenues.”

Mr. Aiken continued “The organization has been deeply focused on delivering strong results and cost of goods optimization. This attention has allowed CLC to reduce G&A by 14% or \$729k. We continue to execute on strategic diversification opportunities addressing the headwinds within the industry. We are leveraging our technology, experience, and manufacturing capacity to bring turnkey formulations and products to market. I look forward to providing a deeper dive on business operations and expanding upon our diversification strategy through our corporate update which will be made available on April 21st, 2023.”

### OPERATIONAL AND FINANCIAL HIGHLIGHTS

	Fiscal 2022	Fiscal 2021	\$ Change	% Change
Revenue from the sale of goods	\$ 10,073,055	\$ 3,633,450	\$ 6,439,605	177%
Costs of sales	(5,937,128)	(1,429,972)	(4,507,156)	315%
Gross profit before fair value adjustment	4,135,927	2,203,478	1,932,449	88%
Inventory write down	(2,471,436)	(3,861,257)	1,389,821	(36%)
Fair value change on growth of biological assets	4,641,853	3,240,450	1,401,403	43%
Change in fair value of inventory sold	(3,327,645)	(1,525,954)	(1,801,691)	118%
Gross profit	2,978,699	56,717	2,921,982	5152%
General and administrative expenses	(4,424,879)	(5,153,464)	(728,585)	(14%)
Other items	(581,541)	(2,046,198)	1,464,657	(72%)
Loss	(2,027,721)	(7,142,945)	5,115,224	(72%)

Loss per share	(0.02)	(0.07)
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Gross margin before fair value adjustment %	41.1%	60.6%
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### Financial Position

Working capital	\$ 3,683,558	\$ 2,033,054
Cash	1,810,639	1,046,916
Inventory and biological assets	5,766,418	7,153,378
Total assets	18,794,418	19,043,713
Total liabilities	7,656,458	9,304,524

Revenue grew 177% to \$10.1M from \$3.6M in the prior year. 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 41% of revenue from sale of goods for the year ended November 30, 2022, compared with 61% in the comparative prior year. 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 expanded product mix, which includes various grades of premium distillate.

During the year the Company incurred an inventory write-down of \$2.5M, compared with \$3.9M in fiscal 2021. A change in market conditions resulting in the price compression of wholesale cannabis distillate, subsequent to year end, resulted in a change of estimated inventory valuation.

Total general & administrative (“G&A”) expenses declined by \$729k or 14% in fiscal 2022 compared to fiscal 2021, driven by year-over-year reductions in corporate development, marketing, and share based compensation expenses. G&A decreased to 44% of revenue during the year, compared with 142% in fiscal 2021.

The fair value of the Class B preferred shares at the transaction date was \$4,976,949. As noted previously the Company issued a promissory note in the amount of \$2,000,000 bearing an interest rate of 8% per annum and 13,000,000 common shares as part of redemption and cancellation transaction of the Class B preferred shares. Following the transaction the Company recorded a gain on settlement in the amount of \$296,416.

Net and comprehensive loss in fiscal 2022 was \$(2.0M) which is a \$5.1M decrease from the fiscal 2021 loss of \$(7.1M). The year-over-year improvement is primarily driven by an increase in revenue and reduction in G&A expenses and inventory write-down, which was offset by an increase in cost of goods sold.

### **Cash and Working Capital**

As at November 30, 2022, the Company had working capital of \$3,683,558 (November 30, 2021 – \$2,033,054) which consisted of cash of \$1,810,639 (November 30, 2021 - \$1,046,916), receivables of \$1,906,820 (November 30, 2021 - \$1,147,341), prepaid expenses of \$3,885 (November 30, 2021 - \$122,755), inventory of \$5,766,418 (November 30, 2021 - \$7,153,378). Current liabilities, being accounts payable and accrued liabilities, current portion of loan, and current portion of convertible debentures \$5,832,954 (November 30, 2021 – \$7,466,086).

### **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.

### **On behalf of Christina Lake Cannabis:**

*“Mark Aiken”*  
Mark Aiken, CEO

For more information about CLC, please visit: [www.christinalakecannabis.com](http://www.christinalakecannabis.com)

Jennifer Smith  
Investor Relations and Media Inquiries  
[investors@clcannabis.com](mailto:investors@clcannabis.com)  
902-229-7265

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