

Christina Lake Cannabis Reports First Quarter 2023 Results

VANCOUVER, British Columbia, May 2, 2023 – Christina Lake Cannabis Corp. (the “Company” or “CLC” or “Christina Lake Cannabis”) (CSE: CLC) (OTCQB: CLCFF) (FRANKFURT: CLB) is pleased to report its financial results for the first quarter ended February 28, 2023 (“Q1’23”). All amounts are expressed in Canadian dollars unless otherwise noted.

Q1’23 Highlights

- Revenue up 16% to \$1.9M over Q1’22
- Distillate shipments increased by 80% compared to Q1’22
- Gross margin of \$616k or 32.2% before fair value adjustments
- Decreased G&A expenses by \$173k or 14%

“Q1 has continued on the growth trajectory we established in fiscal 2022, while demonstrating the typical seasonality we expect in the first quarter” said Mark Aiken, Chief Executive Officer of Christina Lake Cannabis. “As the industry continues to face headwinds, our organization remains focused on delivering strong results, optimizing our operations and growth. Actual Q1 distillate shipments increased by 80% compared to Q1 2022, creating revenue growth of 16% despite the market price compression.

The Management team has been focused on strategic initiatives including:

- Expanded production capacity of industry leading distillate;
- New product introductions (Pre-rolls and Infused Pre-Rolls, Kief, Hash, and Infused Hash);
- Expanded customer base; and
- Turnkey formulations.

Going forward, all signs point to continuing strong quarterly demand, sales growth, and strong performance as we continue to march towards our FY2023 goals.”

OPERATIONAL AND FINANCIAL HIGHLIGHTS

	February 28, 2023	February 28, 2022	\$ Change	% Change
Revenue from the sale of goods	\$ 1,917,165	\$ 1,652,801	\$ 264,364	16%
Costs of sales	(1,300,701)	(744,931)	555,770	75%
Gross profit before fair value adjustment	616,464	907,870	(291,406)	(32%)
Changes in fair value of inventory sold	(489,263)	(227,341)	261,922	115%
Gross profit	127,201	680,529	-553,328	(81%)
General and administrative expenses	(1,097,406)	(1,270,687)	(173,281)	(14%)
Other items	(239,174)	(179,407)	59,767	33%
Income (loss)	(1,209,379)	(769,565)	(439,814)	(57%)
Income (loss) per share	(0.01)	(0.00)		
Gross margin %	32.2%	54.9%		
Financial Position				
Working capital	2,175,609	1,612,449		
Inventory	5,064,765	6,777,491		
Total assets	17,209,168	18,422,014		
Total liabilities	7,236,239	9,293,889		

Q1 distillate shipments increased by 80% compared to Q1 2022. Revenue grew 16% to \$1.9M from \$1.7M in the comparative quarter despite the market price compression. Revenue growth was driven by the growing demand in our premium distillate and expanding customer base.

Gross Margin Before Fair Value Adjustments was 32% of revenue from sale of goods for Q1'23, compared with 55% in Q1'22. Cost of goods sold included a slight increase in the input biomass cost as well as capitalized depreciation expense. 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.

Total general & administrative ("G&A") expenses declined by \$173k or 14% in Q1'23 compared to Q1'22, driven by year-over-year reductions in consulting fees, marketing, salaries and share based compensation expenses. G&A decreased to 57% of revenue during the quarter, compared with 77% in Q1'22.

Loss and comprehensive loss in Q1'23 was \$(1.2M) which is a \$440k increase from Q1'22 loss of \$(770k). The year-over-year increase is primarily driven by an increase in cost of goods sold and changes in fair value of inventory sold, which was offset by an increase in revenue and reduction in general and administrative expenses.

Cash and Working Capital

As at February 28, 2023, the Company had working capital of \$2,175,609 (November 30, 2022 – \$3,683,558) which consisted of cash of \$1,500,047 (November 30, 2022 - \$1,810,639), receivables of \$1,146,313 (November 30, 2022 - \$1,906,820), prepaid expenses of \$45,570 (November 30, 2022 - \$3,885), inventory of \$5,064,765 (November 30, 2022 - \$5,766,418). Current liabilities, being accounts payable and accrued liabilities, current portion of loan and current portion of convertible debentures, \$5,609,837 (November 30, 2022 – \$5,832,954).

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

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Non-IFRS Financial Measures

In this news release, the Company reports "Gross Margin Before Fair Value Adjustments", a financial measure that is not determined or defined in accordance with the International Financial Reporting Standards, as issued by the International Accounting Standards Board ("**IFRS**"). Gross Margin Before Fair Value Adjustments does not have a standardized meaning prescribed by IFRS and the Company's methods of calculating this financial measure may differ from methods used by other companies. Accordingly, such non-IFRS financial measure may not be comparable to similarly titled measures presented by other companies. This measure is provided as additional information to complement IFRS by providing a further understanding of operations from management's perspective and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

This data is furnished to provide additional information and are non-IFRS measures and do not have any standardized meaning prescribed by IFRS. The Company uses these non-IFRS measures to provide shareholders and others with supplemental measures of its operating performance. The Company also believes that securities analysts, investors and other interested parties, frequently use these non-IFRS measures in the evaluation of companies, many of which present similar metrics when reporting their results. As other companies may calculate these non-IFRS measures differently than the Company, these metrics may not be comparable to similarly titled measures reported by other companies.

Forward Looking Statements

This news release contains statements that constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue 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 <http://www.sedar.com>. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. The Company does not intend, and does not assume any obligation, to update these forward-looking statements except as otherwise required by applicable law.

Financial Outlook

This news release contains a financial outlook within the meaning of applicable Canadian securities laws. The financial outlook has been prepared by management of the Company to provide an outlook for the Company's operational cash flow for the month ended February 28, 2023 and may not be appropriate for any other purpose. The financial outlook has been prepared based on a number of assumptions including the assumptions discussed under the heading "Forward-Looking Statements". The actual results of the Company's operations for any period will likely vary from the amounts set forth in these projections and such variations may be material. The Company and its management believe that the financial outlook has been prepared on a reasonable basis. However, because this information is highly subjective and subject to numerous risks, including the risks discussed under the heading "Forward-Looking Statements", it should not be relied on as necessarily indicative of future results.