



1933 Industries Reports First Quarter 2021 Financial Results

A 60% decrease in net loss and an 80% improvement in adjusted EBITDA bring the Company closer to profitability

VANCOUVER, B.C., CANADA (December 29, 2020) – 1933 Industries Inc. (the “Company” or “1933 Industries”) (CSE: TGIF) (OTC: TGIFF), a vertically integrated cannabis consumer packaged goods company, is pleased to announce its first quarter (“Q1 2021”) financial results for the period ended October 31, 2020. All amounts expressed are in Canadian dollars.

Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Detailed information regarding the Company’s financial results as well as management’s discussion and analysis can be found at <https://sedar.com/> and <https://1933industries.com/>.

Q1 2010 Financial Highlights

Fiscal 2020 Consolidated Results			
	Q1 2021 (Oct 31, 2020)	Q4 2020 (July 31, 2020)	Q1 2020 (Oct 31, 2019)
Revenues	\$2,687,516	\$2,388,010	\$3,881,183
Gross margin	\$728,700	\$63,177	\$2,085,104
Cash balance	\$2,044,574	\$2,761,542	\$14,872,277
Expenses	\$3,544,687	\$5,426,639	\$5,901,402
Net loss	(\$2,818,577)	(\$7,236,277)	(\$3,816,298)
Comprehensive loss	(\$2,929,123)	(\$8,426,832)	(\$3,962,300)
Adjusted EBITDA loss	(\$1,351,212)	(\$7,196,520)	(\$1,827,699)
Basic and diluted loss per share	(\$0.01)	(\$0.03)	(\$0.01)
Total assets	\$45,431,525	\$46,584,470	\$61,358,608
Total liabilities	\$26,714,275	\$27,132,288	\$26,033,715
Equity	\$18,717,250	\$19,452,182	\$35,324,893

Operating Results

- During the reporting period, total revenues were \$2.7 million, a 13% increase from the previous quarter. The increase was attributed to the Company’s launch of cannabis flower and pre-rolls in the Nevada market. With improved plant genetics and in-demand strains, the Company’s new saleable flower and cannabis products have sold



out after each harvest, as the demand for craft cannabis flower remains strong in Nevada, despite the loss of tourism due to the COVID-19 pandemic.

- Gross margin was \$729,000 or 27%, compared to \$63,000 or 3% during Q4 2020. The increase in gross margin from the prior quarter is due to the Company's enhanced ability to produce saleable flower and biomass from its cultivation facility.
- General and administration expenses in Q1 2021 were \$1.2 million, compared to \$2.0 million during Q4 2020 and \$2.3 million during Q1 2020. This change over the prior quarter represents managements' commitment to making strategic reductions to streamline operations with the overarching goal of reaching profitability in the near future.
- Expenses were \$3.5 million for Q1 2021, a 35% decrease from \$5.4 million in Q4 2020 and a 40% decrease from \$5.9 million for Q1 2020. The Company reduced expenses in all areas, including management and consulting fees, wages and benefits. It is management's priority to continue to reduce costs to meet its financial goals.
- Net loss from continuing operations was \$2.8 million or \$0.01 per share for Q1 2021. The net loss for Q1 2021 represents a 61% improvement from a \$7.2 million loss in Q4 2020 and a 26% decrease from losses incurred in Q1 2020.
- Adjusted EBITDA loss was \$1.4 million, an 81% improvement from \$7.2 million in Q4 2020, and a 26% improvement from \$1.8 million for Q1 2020.
- The Company's licensed cultivation and production subsidiary, Alternative Medicine Association ("AMA") reported revenues of \$1.6 million and gross margin of \$164,000. Infused MFG, a subsidiary focused on the manufacturing of proprietary hemp derived CBD products under the Canna Hemp™ brand, reported revenues of \$1.1 million and gross margin of \$565,000.

Balance Sheet

- Cash at October 31, 2020 was \$2.0 million, compared to \$2.8 million at July 31, 2020, a decrease of 29%. Subsequent to the reporting period, the Company completed a private placement financing for proceeds totalling \$918,720.
- Total assets were \$45.4 million during Q1 2021, compared to \$46.6 million during the previous quarter, a decrease of 3%.
- Working capital for Q1 2021 was a deficiency of \$5.0 million, compared to a working capital surplus of \$6.1 million for Q4 2020, due to the reclassification of \$10.0 million



convertible debentures from long term to current liabilities as they mature on September 14, 2021. The Company anticipates that the convertible debentures will most likely be converted into common shares as per recent amendments, (see news release dated June. 29, 2020).

Management Commentary

Six months ago, the Company's new management team set the key priorities of achieving profitability, becoming cash-flow positive and building shareholder value. Significant progress has been achieved towards these goals.

Over the reporting period, the Company put in place a restructuring plan to improve and streamline operations, successfully resulting in a 61 percent reduction in net loss, 75 percent reduction in its cash burn, and 81 percent improvement in adjusted EBITDA. In order to improve the overall performance of the business, the Company discontinued all projects which did not demonstrate an immediate and satisfactory return on investment. With a marked improvement of its performance over the previous quarter, the Company continues to position itself as a leading supplier of craft cannabis flower and concentrates in the Nevada market and as an innovative manufacturer of high-quality hemp and CBD wellness products.

During Q1 2021, the Company recorded its first cannabis flower sales as it began to scale up production from its cultivation facility, while continuing to improve the Company's plant genetics and cultivation quality and consistency. The Company added several key dispensary accounts in Las Vegas for its AMA branded craft cannabis flower, infused pre-rolls and extensive line of cannabis concentrates. Management expects that the availability of high-quality cannabis flower cultivated in-house will increase demand for the Company's products and have a positive impact on the Company's gross margins going forward. The Company anticipates increasing the volume of cannabis flower produced each month and remains on track to reach full output capacity by March 2021. The Company is looking to grow its market share in its core market of Nevada, where it is well-positioned to take advantage of a large addressable consumer market, a limited licensing regime and attractive cannabis flower pricing for premium strains.

The Company's continuing efforts to build both online and retail distribution of its Canna Hemp™ branded products will remain as strategic priority during Q2 2021. Management expects that expanded sales networks in retail and via e-commerce will result in increased revenues for its consumer-packaged goods line that will be realized in fiscal 2021.



In light of the COVID-19 pandemic, the Company continues to adapt its business strategies to meet the challenges of the economic conditions. All of these noted efforts will carry on as management maintains a keen eye on fiscal responsibility.

Mr. Eugene Ruiz, President of the Company, stated, “Our team has been steadfast in our commitment to transforming the Company into a profitable enterprise. Every decision and action that we have taken has moved us closer towards achieving our targeted goal of accelerating our path to profitability. During the first quarter 2021, tremendous progress was made. That progress has continued into the second quarter 2021, with our operating business units achieving profitability for the month of November, 2020. We continue to believe we are on the path to achieving Company-wide profitability by the end of the second quarter 2021. We remain vigilant and cognizant of the challenges posed by COVID-19 on tourism in our state, while remaining confident that the rebound of strong local cannabis sales experienced since the pandemic will provide for sustainable revenue growth.”

The Company announces that Mr. Terry Taouss has resigned as a Director, effective January 30, 2021, and that Mr. Paul Rosen, CEO and Director of the Company, will take on the role of Chairman of the Board. The Company wishes to thank Mr. Taouss for his service as Director and later as Chairman. Mr. Rosen said, “On behalf of the Company, the Board wishes to thank Mr. Taouss for his valuable contributions during his tenure. We wish him the best in his future endeavours”. The Board is implementing reductions in overall Board compensation to align with the Company’s financial goals.

Q1 2021 Key Developments

Product Expansion

- The Company entered into two licensing agreements during the reporting period. Five Star Extracts and Orchid Ventures Inc. joined the company’s select roster of licensed partners in Nevada.
- The Company introduced Canna Hemp™ Plus, a new line of extra strength products to its extensive wellness portfolio and announced distribution via CBD Plus.

Corporate Developments

- The Company announced that its Chief Executive Officer, Mr. Paul Rosen, has been appointed to the Board of Directors.

Financing Activities

- The Company closed a private placement and issued 10,510,040 Units at a price of \$0.075 per Unit for gross proceeds of \$788,253.

Highlights of Subsequent Events



Corporate Developments

- The Company signed a Membership Interest Purchase Definitive Agreement to purchase the remaining 9% interest in AMA Production thereby resulting in the Company's 100% ownership of the subsidiary which contains the property located at 5035 Geist Ave., Las Vegas, Nevada and gave complete managerial control of AMA to the Company.

Financing Activities

- Pursuant to the closure of a private placement, the Company issued 13,920,000 Units at a price of \$0.066 (USD\$0.05) per Unit for gross proceeds of \$918,720 (USD\$696,000).
- The Company issued 10,869,531 common shares pursuant to the conversion of \$998,000 of convertible debentures and interest payable on the convertible debentures of \$88,953.

Please note the next financial release dates in accordance with the continuous disclosure schedule set out by the British Columbia Securities Commission:
Q2 2021 (Apr 1/21); Q3 2021 (June 29/2021); Q4 2021 (Nov 30/2021)

About 1933 Industries Inc.

1933 Industries is a vertically-integrated, growth-orientated company, focusing on the cultivation and manufacturing of cannabis consumer branded goods in a wide range of product formats. Operating through two subsidiaries, the Company controls all aspects of the value chain with cultivation, extraction, processing, and manufacturing assets supporting its diversified portfolio of cannabis brands and licensing partners. The Company owns 91% of Alternative Medicine Association, LC (AMA), and 100% of Infused MFG LLC.

About Alternative Medicine Association

AMA is a licensed medical and adult-use cannabis cultivation and extraction subsidiary that produces its own branded line of unique cannabis products and manufactures third-party brands. AMA's extensive menu of cannabis products include: craft cannabis flower, pre-rolls, full spectrum oils, high quality distillates, proprietary blends of terpenes, vaporizer products and boutique concentrates such as shatter, crumble, batter, sugar wax, diamonds, and live resin. With state-of-the-art cultivation and extraction facilities based in Las Vegas, Nevada, AMA seeks to offer medical patients and recreational users alike a cannabis experience that's exceptional, potent, and consistent in quality.

About Canna Hemp™

With an extensive product line that includes topicals, creams, vapes, elixirs, capsules, dabs, lip balms and pre- and post-workout recovery sports products, 1933 Industries' proprietary Canna Hemp™ brand utilizes the power of hemp and CBD to bring natural



wellness. The Company's flagship products, the Canna Hemp™ Relief Cream and Canna Hemp X™ Recovery Cream are recognized as best topicals in the market. Canna Hemp X™ is a CBD sports recovery cream for athletes, bridging the gap between recovery and top performance. All products are triple and third-party tested for safety with test results embedded via QR codes for traceability.

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