

# Indiva Reports Fiscal Year 2023 Results Including Record Positive EBITDA and Income From Operations

*Indiva Remains the National Market Share Leader in the Edibles Category and Ranks #2 Nationally in Unit Share Across All Cannabis Categories*

LONDON, Ontario--(BUSINESS WIRE)--April 25, 2024--Indiva Limited (the "**Company**" or "**Indiva**") (TSXV:NDVA), the leading Canadian producer of cannabis edibles, is pleased to announce its financial and operating results for the fourth quarter and fiscal year ended December 31, 2023. All figures are reported in Canadian dollars (\$), unless otherwise indicated. Indiva's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). For a more comprehensive overview of the corporate and financial highlights presented in this news release, please refer to Indiva's *Management's Discussion and Analysis of Financial Condition and Results of Operations for the Year Ended December 31, 2023*, and the Company's *Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022*, which are filed on SEDAR+ and available on the Company's website, [www.indiva.com](http://www.indiva.com).

"We are very pleased with our performance in the fourth quarter and fiscal year 2023, generating record net revenue, improved gross margins as well as record positive EBITDA and income from operations. Our Net Income was just shy of break-even in Q4, which is a testament to the popularity of our products, our industry leading low-cost production platform, and our focus on cost control. Our core brands, namely Pearls by Grön, No Future, Bhang Chocolate and Indiva Blips continue to gain market share in Canada, as Indiva continues to hold the #1 market share position in edibles nationally," said Niel Marotta, President and Chief Executive Officer of Indiva. "More importantly, our revenue mix continues to shift towards brands and products that were developed in-house at Indiva, demonstrating that Indiva's core competency goes beyond leading the industry as the low-cost producer of edibles, but also as a best-in-class innovator of beloved edible products. 35% of net revenue in Q4 2023 was derived from brands created and owned by Indiva including Indiva 1432 chocolate, Indiva Blips, Indiva Doppio Sandwich Cookies, and No Future gummies and vapes, up from 20% of net revenue in Q1 2023. Further, Indiva achieved 27 new SKU listings in 2023, and has already received 10 additional SKU listings in 2024. 24 of the 27 new SKU introductions in 2023, and 9 of 10 new SKUs accepted for listing thus far in 2024, are from in-house innovation and owned brands," continued Marotta. "We still strongly believe that an increase in allowable THC per pack of edibles would improve public safety, and while we were very disappointed in the results and recommendations from the legislative review published in late March, Indiva remains committed to product innovation that will support both industry and edible category growth. Our enthusiasm to continue to delight of-age cannabis enthusiasts in Canada is unwavering, and we have a robust pipeline of new products which will hit market in the second quarter and in the second half of 2024."

## HIGHLIGHTS

### Quarterly Performance

- Gross revenue in Q4 2023 was a record \$12.6 million, representing a 15.5% sequential increase from Q3 2023, and a 21.9% increase year-over-year from Q4 2022.
- Net revenue in Q4 2023 was a record \$10.9 million, representing a 11.0% sequential increase from Q3 2023, and a 16.8% increase year-over-year from Q4 2022, driven primarily by strength in core brands, including Pearls by Grön, where net revenue grew by greater than 360% year-over-year, as well as strong contribution from No Future gummies. The growth in core brands was offset by weaker revenue from Wana Sour Gummies, which reported 75.5% lower net revenue year-over-year, due to the transition to contract manufacturing in June of 2023. The loss of revenue from lozenges, due to Health Canada's removal from market following a determination that these are edible products, reduced net revenue in the quarter by greater than \$1 million versus Q4 2022. In aggregate, the decline in Wana and loss of lozenge revenue totalled \$4.6 million of net revenue. This reduction in net revenue from Wana and lozenges was more than offset by growth in Pearls by Grön and the introduction of No Future gummies and vapes, which in total accounted for greater than \$6.7 million of incremental revenue in the quarter. Net revenue from No Future gummies alone in the quarter was greater than 200% of the loss of lozenge revenue.
- Net revenue from edible products was \$9.5 million in Q4 2023, or 87.7% of net revenue, up 5.3% from \$9.0 million in Q3 2023 and up 27.0% from \$7.5 million in the prior year period.
- Gross profit before inventory write-down was a record \$4.2 million, a 53.3% increase versus Q4 2022 and a 15.4% increase versus Q3 2023, driven by higher sales of core brands and the success of new product introductions. Gross margin before inventory write-down improved to a record 38.5% of net revenue, versus 37.1% in Q3 2023 and 29.3% in Q4 2022. The improvement in gross margin percentage year over year was due to higher sales, improved operating efficiencies and a positive mix shift towards higher margin products.
- In Q4 2023, Indiva sold products containing a record 218 million milligrams of cannabinoids, the active ingredient in its products, which represents a 43.7% increase when compared to the 152 million milligrams in product sold in Q3 2023, and a 166.4% increase compared to 82 million milligrams sold in Q4 2022.
- Impairment charges in the quarter totaled \$0.5 million. This impairment includes a write off of products that did not meet the Company's quality standards, aged finished goods and obsolete packaging.
- Operating expenses in the quarter decreased 19.0% year over year to \$3.1 million, a record low at 28.9% of net revenue versus 31.0% in Q3 2023 and 41.7% in Q4 2022. Operating expenses declined year-over-year due to lower general and administrative costs, marketing costs, R&D and share based compensation.
- EBITDA was a record positive \$0.9 million, or 8.1% of net revenue in the quarter. Adjusted EBITDA increased sequentially in Q4 2023 to a record profit of \$1.5 million or 13.9% of net revenue, versus a profit of \$1.0 million in Q3 2023, and a loss of \$0.6 million in Q4 2022. See "*Non-IFRS Measures*", below.
- Income from operations was \$0.5 million versus \$13,000 in Q3 2023 and a loss of \$1.7 million in Q4 2022. The significant improvement in income from operations was driven by higher sales of core brands, improved margins and lower operating expenses.

- Comprehensive net loss included one-time expenses and non-cash charges including inventory impairments totaling \$0.5 million in Q4 2023 and \$0.4 million in Q4 2022. Excluding these charges, comprehensive loss declined to \$0.2 million in Q4 2023 or EPS of \$0.00 versus a loss of \$2.3 million in Q4 2022 or EPS of (\$0.01).

### **Fiscal Year 2023 Performance**

- Record gross revenue for the year ended December 31, 2023 was \$41.9 million versus \$37.7 million for the year ended December 31, 2022, representing an 11.3% year-over-year increase.
- Record net revenue for the year ended December 31, 2023 was \$37.6 million versus \$34.4 million for the year ended December 31, 2022, representing a 9.2% year-over-year increase. Net revenue growth was driven primarily by growth in core brands and new product introductions, offset by lower revenue from the sale of Wana Sour Gummies under the contract manufacturing agreement, loss of revenue from lozenges and the discontinuation of certain non-core product lines.
- Net revenue from edible products grew to \$32.7 million, representing 87.2% of net revenue for the year ended December 31, 2023, versus \$30.5 million or 88.7% of net revenue in the prior year period.
- Gross profit before inventory write down improved by 26.9% to a record \$13.2 million or 35.1% of net revenue versus \$10.4 million or 30.2% of net revenue for the year ended December 31, 2022, due to higher sales and increased operating efficiency.
- In 2023, Indiva sold products containing 563.9 million milligrams of cannabinoids, the active ingredient in its products, which represents a 137.8% increase when compared to the 237.1 million milligrams in product sold in 2022.
- Operating expenses decreased by 11.3% to \$12.6 million versus \$14.3 million for the year ended 2022, primarily due to lower marketing and sales expenses, lower research and development expenses and lower share-based compensation. As a percentage of net revenue, operating expenses decreased to 33.7% for 2023 versus 41.4% in 2022.
- EBITDA was a record positive \$1.6 million, or 4.2% of net revenue in 2023 versus a loss of \$4.8 million in 2022. Adjusted EBITDA improved to a profit of \$2.4 million versus a loss of \$1.5 million last year due to higher sales, improved margins and lower operating expenses.
- Impairment and one-time charges for the year totaled \$0.5 million. This write-off includes a provision for aged finished goods and bulk cannabis products due to aging inventory and disposal of finished good and work-in-process lozenges which could not be sold due to Health Canada's order to halt production and sale of these products as well as a gain on the sale of the Wana license to Canopy.
- Comprehensive net loss, excluding one-time expenses and non-cash charges, improved to \$4.4 million in fiscal year 2023, versus a loss of \$8.4 million in fiscal year 2022.

### **Market Share**

- Data from Hifyre Inc. for the fourth quarter of 2023 shows strong sell-through of Indiva's edible products. With 22.9% share of sales across British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario, Indiva holds the No. 1 ranking in market share by

sales and units sold in the edibles category driven by continued growth of Pearls by Grön and No Future gummies. Indiva also holds the No. 1 SKU ranking by sales and units sold in the edibles category being Indiva's Pearls by Grön with Blue Razzleberry 3:1 CBG/THC gummies followed by the No. 2 SKU with Blackberry Lemonade 1:1:1 CBN/CBD/THC gummies. Further, product ranking in Q4 2023 showed three of the Top 10 edible SKUs are Pearls by Grön gummies.

- Q4 2023 edibles market share:
  - Ontario: #1 with 24.9% market share.
  - Alberta: #1 with 22.2% market share.
  - British Columbia: #1 with 28.2% market share.
  - Saskatchewan: #6 with 5.0% market share.
  - Manitoba: #4 with 7.8% market share.
  - Gummies: Indiva's Pearls by Grön gummies ranked as #2 in the edibles category based on sales with 14.5% share and ranked as #1 with 17.4% share based on units sold. Further, No Future gummies launched in late Q3 and ranked as #7 in the edibles category based on sales and ranked as #5 based on units sold.
  - Chocolate: Indiva held the #1 ranking in market share by sales and units sold with 32.6% total sub-category share, as Bhang<sup>®</sup> ranked as #2 based on sales and ranked as #1 based on units sold.
  - Snacks and Baked Goods: Indiva held the #1 ranking in market share by sales and units sold with 42.2% total sub-category share, driven by the success of Doppio Sandwich Cookies.
  - Based on data from British Columbia, Alberta, Ontario, Manitoba and Saskatchewan, the edibles category decreased by 0.4% in Q4 2023 to \$63.1 million in retail sales from \$63.4 million in Q3 2023 and decreased by 2.2% versus \$64.6 million in Q4 2022.

## **Operational Highlights for the Year Ended December 31, 2023**

### **Operational Highlights for the First Quarter 2023**

- Indiva completed the commissioning of two key pieces of automation used in the processing and packaging of its top-selling edible brands. This is an important milestone for the Company as it allowed Indiva to scale innovation and continue to drive unit costs lower.
- Indiva began supplying Tilray Brands, Inc.'s ("**Tilray**") medical platform with Indiva products. Products are now available to Tilray medical patients including Pearls by Grön, Wana Sour Gummies, Bhang Chocolate as well as Doppio Sandwich Cookies.
- Indiva signed a non-exclusive agreement with Valiant Distribution Cannabis, a subsidiary of Canna Cabana Inc, for the distribution of its products in the province of Saskatchewan. This agreement simplifies Indiva's path to market in Saskatchewan and substantially reduces shipping costs.
- Per the Company's news release dated March 14, 2023, the Company received notification from Health Canada of its determination that certain of its lozenges had been improperly classified as an "extract" rather than an "edible" under applicable cannabis regulations. Health Canada requested that Indiva cease production of the lozenges, and

Indiva immediately complied with such order. The lozenges subject to this determination were the Indiva Life Wild Cherry THC Lozenges and Indiva Life Lemon THC Lozenges in their 100 mg, 250 mg and 500 mg THC per package formats (the "**Products**"). Indiva completed a right-sizing of its production team to reflect the permanent removal of lozenges from its production schedule.

### **Operational Highlights for the Second Quarter 2023**

- Initial deliveries of Pearls by Grön gummies were made to the province of Alberta. Four flavours were delivered including Blackberry Lemonade 1:1:1 CBN: CBD:THC, Blue Razzleberry 3:1 CBG:THC, Pomegranate 4:1 CBD:THC and Sour Apple THC.
- Indiva introduced three new chocolates into the Alberta market under the Indiva 1432 brand, namely 1:1 CBN/THC Dark Chocolate, 1:1 THC/CBD Cookies and Cream and 1:1 THC/CBD Caramel Dark Chocolate.
- On May 30, 2023 Indiva and Canopy Growth Corporation ("**Canopy**") entered into a contract manufacturing agreement, under which Canopy received control of all distribution, marketing, and sales of Wana branded products in Canada, and Indiva received the exclusive right to manufacture and supply Wana™ branded products in Canada to Canopy for a period of five years, with the ability to renew for an additional five-year term upon mutual agreement of the parties. As consideration, Indiva completed a non-brokered private placement offering of common shares of Indiva whereby Canopy subscribed for an aggregate purchase price of \$2,155,617. The balance of the consideration will be paid by Canopy to Indiva on May 30, 2024.

### **Operational Highlights for the Third Quarter 2023**

- Indiva launched a new value-focused brand called No Future, including four gummy SKUs and three 1.2g vape SKUs. The Company shipped product to British Columbia and Alberta in the third quarter, as well as initial shipments to Ontario in late September, and has since fulfilled replenishment orders in all three provinces.
- Indiva rebranded the Indiva Life Sandwich Cookies as Indiva Doppio Sandwich Cookies.
- Indiva amended the terms of its existing non-revolving term loan facility (the "**Amended Term Loan**") with SNDL Inc. ("**SNDL**"), and has also entered into a supply agreement with SNDL (the "**Supply Agreement**") whereby SNDL will supply the Company with certain distillate products on an exclusive basis. The Supply Agreement provides for minimum monthly purchase commitments by the Company (the "**Minimum Purchase Commitment**"). The prices of all products supplied under the Supply Agreement are subject to periodic adjustments depending on prevailing market pricing. The Supply Agreement has an initial term of thirty (30) months, which automatically renews for successive twelve (12) month periods, unless earlier terminated. Provided that the aggregate Minimum Purchase Commitment has been met, the Supply Agreement will automatically terminate upon re-payment of the Amended Term Loan, unless the Company elects otherwise. The Amended Term Loan extended the maturity date to February 24, 2026 and extended the existing security interest in favour of SNDL under the Amended Term Loan to the Minimum Purchase Commitment. The interest rate and other terms of the Amended Term Loan remain the same except for the addition of an

event of default, whereby a default under the Supply Agreement (which if not cured by the applicable time period set out in the Supply Agreement) would constitute an event of default under the Amended Term Loan.

### **Operational Highlights for the Fourth Quarter 2023**

- No Future products became available in stores across Ontario, including four gummy SKUs and three vape SKUs. The Company also received three additional No Future 1.2 gram vapes for listing with the OCS including:
  - Grape Ape Indica
  - Peach Punch Sativa
  - Pink Grapefruit Kush Indica
- Additional SKUs accepted for listing which hit shelves in Q4 in Ontario include:
  - Pearls Peach Mango CBD 25-pack
  - Indiva 1432 Milk Chocolate 1:1 CBG/THC
  - Indiva 1432 Dark Chocolate 1:1 CBN/THC
  - Indiva 1432 Chocolate with Cookies and Cream 1:1 THC/CBD
  - Doppio Pumpkin Spice Latte Sandwich Cookie 1:1 CBD/THC
  - Doppio Candy Cane Sandwich Cookie
- The Company received acceptance of three new No Future gummy SKUs for listing in Alberta, including the Red One, the Pink One, and the Yellow One, which are expected to be in market by late November. Additionally, the Company also received three additional No Future 1.2 gram vape listings in Alberta including Grape Ape Indica, Peach Punch Sativa and Pink Grapefruit Kush Indica.

### **Events Subsequent to Year-End**

- No Future gummy performance: Since their introduction in August 2023, Indiva has sold greater than 3.6 million No Future gummies, which have ascended to #2 in market share by dollars in British Columbia, trailing only Pearls by Grön gummies, which rank #1 in that province. In Alberta, No Future gummies rank #3 and in Ontario, where the No Future brand launched in October 2023, No Future gummies already rank #7, with Pearls by Grön ranked as #1. Aggregate weekly depletions for No Future gummies continue their robust rise, as the brand and its value proposition continue to gain awareness with consumers and budtenders.
- LIFE financing: Indiva announced the closing of its previously announced private placement offering pursuant to the listed issuer financing exemption pursuant to Part 5A of National Instrument 45-106 – *Prospectus Exemptions*, first announced on January 22, 2024, and then amended and restated on February 28, 2024, pursuant to which the Company issued 9,060,000 units of the Company for aggregate gross proceeds of \$906,000.
- February market share by dollars improved to 25.2% in the edible category, across British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario. Indiva maintained the #1 ranking in market share by sales and units sold in the edibles category, according to Hifyre data, and Indiva ranked #2 nationally in overall unit share across all cannabis categories with 7.3% units share.

- **New Product Introductions:**
  - **Pearls:** Indiva launched Pearls Lemon Dream CBN 25-pack, which follows on the success of Marionberry CBG 25-pack and Peach Mango CBD 25-pack.
  - **No Future:** Indiva launched four additional No Future 1.2g 510 vapes including Grape Ape Indica, Peach Punch Sativa, Tropical Island Haze and Pink Grapefruit Kush Indica, bringing total No Future vape SKUs in market to nine. Additionally, the Company launched three new No Future gummy flavours, the Red One and the Pink One, bringing total No Future gummy SKUs in market to seven. Additionally, the Company launched No Future Fatty Patty, an innovative chocolate covered cookie dough edible with 10mg THC.
  - **Blips:** Indiva has launched a 55-pack to complement the existing 25-pack of these innovative ingestible extracts. The 55-pack is available in Alberta and B.C, with the Ontario launch slated for June 2024.
- **Loan Amendment with SNDL:** Indiva repaid \$2,000,000 of the principal amount outstanding pursuant to the Amended Term Loan and shall work to reduce other current liabilities in the near term. In consideration for the repayment of \$2,000,000, the amendment removed the Company's covenant under the Amended Term Loan to ensure a \$2,000,000 minimum unrestricted cash balance at all times. The maturity date of the Amended Term Loan continues to be February 24, 2026.
- **Engagement of Advisor:** The Company has retained SSC Advisors (the "**Advisor**"), as its financial advisor, to assist the Company in the evaluation of potential strategic alternatives intended to maximize shareholder value, including but not limited to, financing alternatives, a merger, amalgamation, plan of arrangement, consolidation, reorganization or other similar transactions. SNDL and Indiva continue to act as commercial partners and SNDL remains supportive of Indiva and this process. SSC Advisors can be reached through Aaron Salz at aaron@sscadvisors.com. There is no set timetable to complete the strategic review process nor have any decisions been made relating to strategic alternatives at this time. There can be no assurance that the strategic review will result in any binding offer or transaction.

## **Outlook**

- The Company expects that Q1 2024 net revenue will be lower on a sequential basis, primarily due to seasonality, and flat year-over-year, due to the continued growth in Pearls by Grön, and the contribution to revenue from No Future gummies and Indiva Blips offset by Wana converting to contract manufacturing and the loss of lozenge revenue. Margins are also expected to decline sequentially in Q1 2024 due to lower sales and reduced overhead absorption due to lower production levels as compared to Q4 offset by positive mix shift and the benefit of the implementation of automation in the production and packaging of edible products. For the fiscal year 2024, the Company expects to generate record net revenue and record EBITDA, driven by continued strength in its core brands, bolstered by new product introductions and continued efficiency gains at the production facility from automation and process improvements.

	Three months ended December 31		Twelve months ended December 31	
	2023	2022	2023	2022
<i>(in thousands of \$, except gross margin % and per share figures)</i>				
Gross revenue	12,552.1	10,294.1	41,925.8	37,676.1
Net revenue	10,865.9	9,306.8	37,570.7	34,402.7
Gross margin before inventory write-down	4,184.9	2,729.5	13,174.5	10,384.1
Gross margin before inventory write-down (%)	38.5%	29.3%	35.1%	30.2%
Loss and comprehensive loss	768.8	2,790.6	4,918.3	10,932.1
Adjusted EBITDA[1]	1,509.1	(556.6)	2,355.6	(1,520.7)
EBITDA	881.9	(1,295.4)	1,591.1	(4,809.5)
Earnings Before Interest and Tax	478.5	(1,701.4)	(5.0)	(6,250.2)
Earnings per share – basic and diluted	(0.00)	(0.02)	(0.03)	(0.08)
Comprehensive earnings per share – basic and diluted	(0.00)	(0.02)	(0.03)	(0.08)

<sup>1</sup> See "Non-IFRS Measures", below.

#### Operating Expenses

	Three months ended December 31		Twelve months ended December 31	
	2023	2022	2023	2022
<i>(in thousands of \$)</i>				
General and administrative	1,344.5	1,622.8	5,837.8	5,707.1
Marketing and sales	1,473.6	1,643.5	5,352.7	6,527.7
Research and development	177.9	348.0	877.0	1,016.4
Share-based compensation	46.2	156.2	175.6	585.9
Depreciation of property, plant and equipment	42.5	52.1	185.9	203.0
Amortization of intangible assets	51.9	51.9	207.5	207.5
Expected credit loss	5.6	4.3	9.6	3.0
<b>Total operating expenses</b>	<b>3,142.2</b>	<b>3,878.7</b>	<b>12,646.0</b>	<b>14,250.6</b>

#### CONFERENCE CALL - Thursday, April 25, 2024 at 10:30 a.m. (EST):

The Company will host a conference call to discuss its results on Thursday, April 25, 2024 at 10:30 a.m. (EST). Interested participants can join by dialing 289-514-5100 or 1-800-717-1738. The conference ID is 69182.

A recording of the conference call will be available for replay following the call. To access the recording please dial 289-819-1325 or 1-888-660-6264. The replay ID is 69182#. The recording will remain available until Thursday, May 23, 2024.

#### PRIVATE PLACEMENT UPDATE



Further to the Company's news release dated March 22, 2024, the Company's non-brokered private placement pursuant to the listed issuer financing exemption has expired.

## **ABOUT INDIVA**

Indiva is proud to be Canada's #1 producer of cannabis edibles. Indiva sets the gold standard for quality and innovation with award-winning products across a wide range of brands including Pearls by Grön, No Future Gummies and Vapes, Bhang Chocolate, Indiva Blips Tablets, Indiva Doppio Sandwich Cookies, and Indiva 1432 Chocolate. Indiva manufactures its top-quality products in its state-of-the-art facility in London, Ontario, and has a corporate workforce remotely distributed across Canada. Connect with Indiva on LinkedIn or Instagram, or visit Indiva's website to find more information on the Company and its products.

## **DISCLAIMER AND READER ADVISORY**

### ***General***

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) has in any way passed upon the merits of the contents of this news release and neither of the foregoing entities accepts responsibility for the adequacy or accuracy of this news release or has in any way approved or disapproved of the contents of this news release.*

*Certain statements contained in this news release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the parties' current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this news release contains forward-looking information relating to, among other things, (i) the Company's outlook for and expected operating margins and future financial results, (ii) the projected growth of its business and operations (including existing and new segments thereof), and the future business activities of, and developments related to, the Company within such segments after the date of this news release, (iii) additional jurisdictions within which the Company may establish its operations or business footprint, (iv) the Company's ability to capture and/or maintain its market share in any jurisdiction, (v) the Company's ability to deliver on its commitments for existing or new listings of products, (vi) the Company's ability to benefit from its licensing deals, (vii) the Company's ability to continue to innovate and introduce new products, (viii) the Company's ability to monetize any impaired inventory which remains saleable, (ix) the Company's ability to conduct sensory evaluation trials of medicated samples on site, (x) the Company's ability to deliver new products to the market within a set timeframe, if at all, (xi) the proposed telephone conference call being held by the Company on April 25, 2024, and (xii) the ability of the Company and the Advisor to identify and evaluate strategic alternatives. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company, and*

*include, without limitation, assumptions about the Company's future business objectives, goals, and capabilities, the cannabis market, the regulatory framework applicable to the Company and its operations, and the Company's financial resources. Although the Company believes that the assumptions underlying, and the expectations reflected in, forward-looking statements in this news release are reasonable, it can give no assurance that such expectations will prove to have been correct. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. Specifically, readers are cautioned that forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: (i) the available funds of the Company and the anticipated use of such funds, (ii) the availability of financing opportunities, (iii) legal and regulatory risks inherent in the cannabis industry, (iv) risks associated with economic conditions, (v) dependence on management, (vi) public opinion and perception of the cannabis industry, (vii) risks related to contracts with third-party service providers, (viii) risks related to the enforceability of contracts, (ix) reliance on the expertise and judgment of senior management of the Company, and ability to retain such senior management, (x) risks related to proprietary intellectual property and potential infringement by third-parties, (xi) risks relating to the management of growth and/or increasing competition in the industry, (xii) risks associated to cannabis products manufactured for human consumption, including potential product recalls, (xiii) risks related to the economy generally, and (xiv) risk of litigation.*

*The forward-looking information contained in this news release is made as of the date hereof and the Company is not obligated to, and does not undertake to, update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions inherent in forward-looking information, investors should not place undue reliance on forward looking information. The foregoing statements expressly qualify any forward-looking information contained herein.*

*This news release contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about the Company's prospective results of operations, which are subject to the same assumptions, risk factors, limitations, and qualifications as set out in the above paragraph. FOFI contained in this news release was approved by management as of the date of this news release and was provided for the purpose of providing further information about the Company's future business operations. The Company disclaims any intention or obligation to update or revise any FOFI contained in this news release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein.*

### **Non-IFRS Measures**

*This news release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and*

*are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.*

*The non-IFRS measure used in this news release includes "Adjusted EBITDA". The Company calculates Adjusted EBITDA as a sum of net revenue, other income, cost of inventory sold, production salaries and wages, production supplies and expense, general and administrative expense, and sales and marketing expense, as determined by management. Adjusted license fee eliminates 50% of the fee which is equivalent to the Company's share of the joint venture company to which the license fee is paid. Adjusted EBITDA is provided to assist readers in determining the ability of the Company to generate cash from operations and to cover financial charges. Management believes that Adjusted EBITDA provides useful information to investors as it is an important indicator of an issuer's ability to generate liquidity through cash flow from operating activities and equity accounted investees. Adjusted EBITDA is also used by investors and analysts for assessing financial performance and for the purpose of valuing an issuer, including calculating financial and leverage ratios. The most directly comparable financial measure that is disclosed in the financial statements of the Company to which the non-IFRS measure relates is income (loss) from operations.*

## **Contacts**

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