



**INDIVA™**  
OUR ROOTS RUN DEEP

## INDIVA REPORTS SECOND QUARTER FISCAL 2021 RESULTS

*Achieves Record Revenue, Record Gross Margin and Positive Adjusted EBITDA*

**LONDON, Ontario – August 24, 2021:** Indiva Limited (the “Company” or “Indiva”) (TSXV:NDVA) (OTCQX:NDVAF), the leading Canadian producer of cannabis edibles, is pleased to announce its financial and operating results for the second quarter of fiscal 2021 ended June 30, 2021. 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 press release, please refer to Indiva’s *Management’s Discussion and Analysis of Financial Condition and Results of Operations for the Three and Six Months Ended June 30, 2021*, and the Company’s *Condensed Consolidated Interim Financial Statements for the Three and Six Months Ended June 30, 2021 and 2020*, which are filed on SEDAR and available on the Company’s website, [www.indiva.com](http://www.indiva.com).

“We are delighted to report record net revenue, record gross profit and positive adjusted EBITDA for the second quarter of 2021. Indiva continued to grow its market share organically in the second quarter, and this strength has continued through July, driven by new SKU introduction, including Wana Quick fast-acting gummies and Bhang Cookies and Cream chocolate,” said Niel Marotta, President and Chief Executive Officer of Indiva. “Becoming a top 10 ranked LP nationally by dollar share and top three measured by units, and doing so by driving organic growth rather than through acquisition, is a testament to the talent, dedication and hard work of the entire Indiva team. Looking forward to the second half of 2021, we expect to see continued revenue growth driven by new product introductions, including multi-pack Wana gummies and cookies from Slow Ride Bakery, marking Indiva’s first introduction of baked goods into the market. We also expect to see continued margin expansion throughout 2021, driven by lower distillate costs and continued improvement in operating efficiencies. Indiva is hitting its stride, and we intend to continue to drive profitable organic growth by delivering best-in-class cannabis products to of-age Canadians.”

### HIGHLIGHTS

#### **Quarterly Performance**

- Gross revenue in Q2 2021 was a record \$9.87 million representing a 249% increase year-over-year from Q2 2020, and a 44% sequential increase from Q1 2021. Year-to-date, gross revenue increased 229% year over year to \$16.74 million.
- Net revenue in Q1 2021 was a record \$9.08 million representing a 255% increase year-over-year from Q2 2020, and a 46% sequential increase from Q1 2021, driven primarily by increased sales of category leading edibles, including Wana Sour Gummies and Bhang Chocolate. Year-to-date, net revenue increased 235% year over year to \$15.3 million, surpassing total net revenue for the entire fiscal year of 2020.
- Net revenue from edible products grew to \$8.43 million, up 445% from \$1.54 million in the prior year period and up 52% from \$5.53 million in Q1 2021. Edible product sales represent 93% of net revenue in Q2 2021.

- Gross profit before fair value adjustments and impairments, improved by 160% sequentially to a record \$3.08 million, and increased to a record 34.0% of net revenue, versus 19% in Q1 2021 and 0.8% in Q2 2020. The improvement in gross margin resulted from the Company benefitting significantly from lower distillate costs. Year-to-date, gross profit increased to \$4.27 million, or 28% of net revenue, versus nil in the corresponding period last year.
- In Q2 2021, Indiva sold products containing 52 million milligrams of distillate, the active ingredient in edible products, which represents a 73% increase when compared to the 30 million milligrams in product sold in Q1 2021. Average distillate cost was \$0.02 per mg in Q2 2021 versus \$0.038 per mg in the previous quarter, representing a 47% sequential decline in the cost of this key input. The Company expects gross margins to continue to improve in the second half of 2021, due to significant declines in realized distillate costs, in addition to improved operating efficiencies from increased output.
- Impairment charges in the quarter totaled \$0.29 million, including the disposal of product that did not meet the Company's quality standards, disposal of aged inventory and obsolete packaging.
- Operating expenses in the quarter increased by 40% to \$3.09 million sequentially versus Q1 2021, and increased by 106% year-over-year versus Q2 2020, primarily due to higher marketing and sales commissions driven by higher sales volumes, and higher public company costs. Year-to-date, operating expenses increased by 76% to \$5.3 million.
- Operating expenses as a percentage of net revenue in Q2 2021 declined to 34% in Q2 2021 versus 36% in Q1 2021 and 59% in Q2 2020 respectively. The Company expects operating expenses to continue to decline as a percentage of net revenue as the year progresses.
- Indiva achieved positive adjusted EBITDA in Q2 2021 of \$0.54 million versus a loss of \$0.52 million in Q1 2021 and a loss of \$1.0 million in Q2 2020, driven by higher revenue and higher gross profit, offset by higher operating expenses. Year-to-date, adjusted EBITDA was nil, versus a loss of \$2.17 million in the corresponding period last year.
- Comprehensive net loss was \$1.42 million for the quarter and included one-time expenses and non-cash charges totaling \$1.0 million. Net loss per share was \$0.01 versus \$0.03 in Q2 2020. Excluding these charges, comprehensive loss in the quarter declined to \$0.42 million versus a loss of \$1.92 million in Q2 2020.
- Cash balance stood at \$3.4 million, and working capital stood at \$5.21 million at June 30, 2021.

### **Q2 2021 Market Share Hits New Record**

- Sell through data from Hifyre for the second quarter of 2021 continues to show strong sales of Indiva edible products. With 50% share of sales in the second quarter, up from 46% in the first quarter of 2021, Indiva continues to expand its lead in the #1 market share position in the edibles category. Market share increased in the second quarter across all provinces versus Q1 2021:
  - Ontario #1 with 48% market share.
  - Alberta #1 with 59% market share.
  - British Columbia #1 with 50% market share.
  - Saskatchewan #1 with 32% market share.
  - Manitoba #1 with 53% market share.
  - Wana Sour Gummies led the edibles category with 38% total category share.
  - Bhang® led the chocolate category, with Bhang® Milk Chocolate remaining the top selling chocolate edible SKU nationally.

- Product ranking in Q2 2021 showed the top seven SKUs are Wana™ Sour Gummies (led by Strawberry-Lemonade) and eight of the Top 10 SKUs are from Indiva.
- Based on Hifyre data from British Columbia, Alberta, Ontario, Manitoba and Saskatchewan, the edibles category improved in Q2 2021 to a record \$35.64 million in retail sales versus \$29.6 million in Q1 2021.
- Headset data for June 2021 showed seven of the top nine edible products in Ontario were Indiva products.

### ***Operational Highlights for the Second Quarter Fiscal 2021***

- Bhang Milk Chocolate was the highest velocity product in Ontario, according to OCS data published for their fiscal year ended March 31, 2021, selling more units than any other SKU. Bhang Dark Chocolate was the 6<sup>th</sup> highest velocity SKU.
- Bhang Cookies and Cream and Bhang Caramel Mocha Milk Chocolate became available nationally. Bhang Cookies and Cream quickly became a top seller amongst all Bhang chocolate SKUs.
- Indiva expanded its distribution of Wana Quick fast-acting gummies to six provinces and one territory. In addition, Wana Quick became available in the medical channel through the Medical Cannabis by Shoppers platform.
- Indiva introduced additional premium strains under the Artisan Batch brand, most of which are limited time offers as per the brand ethos.
- Indiva introduced a bubble hash concentrate product into the Province of Quebec.
- Indiva made its first deliveries of Bhang Chocolate, Wana Sour Gummies and Artisan Batch flower to the province of Newfoundland.

### ***Events Subsequent to Quarter End***

- In August 2021, Indiva introduced three new Cookie SKUs from Slow Ride Bakery to the Ontario market, marking Indiva's first baked goods introduced in the edibles category. Initial sell-in has been very strong. In the coming months, Indiva expects to broaden its baked goods product offering from Slow Ride and widen its distribution of Slow Ride Cookies coast-to-coast.
- Indiva introduced new high-potency, craft grown cultivars to the Canadian market under its Artisan Batch brand, including Unicorn Sherbert by KRFT, Cereal Milk by KRFT and Sticky Larry by Stinky Greens. The Company expects to introduce more exciting and unique cultivars from Canada's best craft cultivators in the coming months.

### ***Outlook***

- The Company expects sequential and year-over-year revenue growth and margin improvement to continue in the second half of 2021, as a result of new product introduction, lower distillate costs and improved operating efficiencies.
- Indiva expects to introduce over 20 new SKUs, including seasonal baked good SKUs, in the second half of 2021.
- Indiva also expects to continue to introduce additional craft cannabis flower SKUs under the Artisan Batch brand. Artisan Batch puts special focus on bringing Canadians the best dry flower from craft growers. Special attention is paid to high THC potency, robust terpene content, premium buds and fresh harvest dates.

**OPERATING AND FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED  
JUNE 30, 2021 AND 2020**

<i>(in thousands of \$, except gross margin % and per share figures)</i>	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Gross revenue	9,870.3	2,826.5	16,740.6	5,091.3
Net revenue	9,076.9	2,559.7	15,298.0	4,573.0
Gross margin before fair value adjustments and impairments	3,082.5	300.6	4,265.7	6.0
Gross margin before fair value adjustments and impairments (%)	34.0%	11.7%	27.9%	0.1%
Loss and comprehensive loss	(1,416.0)	(2,528.7)	(4,444.8)	(4,966.8)
Adjusted EBITDA <sup>1</sup>	544.2	(524.4)	0.02	(2,166.8)
Net loss per share – basic and diluted	(0.01)	(0.03)	(0.03)	(0.06)
Comprehensive loss per share – basic and diluted	(0.01)	(0.03)	(0.03)	(0.06)

<sup>1</sup> Adjusted EBITDA is a Non-IFRS Measure. 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 excluding capitalized amortization in cost of sales, 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.

**Operating Expenses**

<i>(in thousands of \$)</i>	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
General and administrative	1,675.0	1,091.6	2,800.5	2,303.1
Marketing and sales	1,093.2	229.9	1,965.7	510.1
Research and development	41.0	1.1	41.0	2.9
Share-based compensation	162.1	115.5	273.3	111.6
Depreciation of property, plant, and equipment	71.4	61.4	127.6	88.8
Amortization of intangible assets	52.0	0.1	104.0	0.2
<b>Total operating expenses</b>	<b>3,094.8</b>	<b>1,499.6</b>	<b>5,312.0</b>	<b>3,016.8</b>

**Quarterly Results**

<i>(in thousands of \$, except per share figures)</i>	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net revenue	9,076.9	6,221.1	7,050.6	3,027.2	2,559.7	2,013.3
Comprehensive net loss	(1,416.0)	(3,028.8)	(6,884.0)	(3,571.8)	(2,528.7)	(2,438.1)
Basic and diluted loss per share	(0.01)	(0.03)	(0.06)	(0.04)	(0.03)	(0.03)

## COVID-19

Government and private entities are still assessing the present and future effects of the COVID-19 pandemic. Indiva has continued to operate with enhanced health and safety protocols in place to protect its employees. The Company continues to assess the customer, supply chain, and staffing implications of COVID-19 and is committed to making continuous adjustments to minimize disruption and impact. Indiva will remain proactive in its response to the pandemic and compliant with any and all provincial and/or federal policy enacted to protect Canadians.

## CONFERENCE CALL

The Company will host a conference call to discuss its results on Tuesday, August 24, 2021 at 8:30am EST. Interested participants can join by dialing 416-764-8658 or 1-888-886-7786. The conference ID is 09955484.

A recording of the conference call will be available for replay following the call. To access the recording please dial 416-764-8691 or 1-877-674-6060. The replay ID is 955484#. The recording will remain available until Thursday September 30, 2021.

## ABOUT INDIVA

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Indiva sets the standard for quality and innovation in cannabis. As a Canadian licensed producer, Indiva produces and distributes award-winning cannabis products nationally, including Bhang<sup>®</sup> Chocolate, Wana<sup>™</sup> Sour Gummies, Slow Ride Bakery Cookies, Jewels Chewable Tablets, Ruby<sup>®</sup> Cannabis Sugar, Sapphire<sup>™</sup> Cannabis Salt, as well as capsules, pre-rolls and premium flower under the INDIVA and Artisan Batch brands. Click here to connect with Indiva on [LinkedIn](#), [Instagram](#), [Twitter](#) and [Facebook](#), and [here to find more information on the Company and its products](#).

## CONTACTS

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