



Chemesis International Inc. Reports Q2 2020 Financial Statements

March 3, 2020

Vancouver, BC – Chemesis International Inc. ([CSE: CSI](#)) ([OTC: CADMF](#)) ([FRA: CWAA](#)) (the “Company” or “Chemesis”), announced its financial results for the second quarter of 2020 ended December 31, 2019. Unless otherwise stated, all referenced to currency are in CDN dollars.

Second Quarter 2020 Financial & Operational Highlights

- Revenue of \$944,457, the comparative period of the prior fiscal year generated \$2.8 million. The decrease was directly related to the abeyance of licenses held by our subsidiaries, Natural Ventures LLC and GSRX Industries Inc. During this time, the Company has been focused on reinstating its licenses, maintaining its cultivation inventories and reducing its operational burn rates.
- Gross profits over the quarter of \$1.3 million, representing an increase of \$843,000 from the comparative period of the prior fiscal year and an increase of \$1.2 million from the most recently completed fourth quarter of the prior fiscal year. This is due to the increase in values arising from cultivation inventory and sales yielding greater margins.
- The Company had a cash reserve of \$1.3 million at the end of Q2 2020, and has since [announced](#) the closing of a \$5 million private placement.
- The Company saw a net loss of \$17 million over the quarter which consists of the following non-cash items, bad debt expense representing the estimated credit loss of receivables, depreciation of assets, share-based payments associated with shares issued and options granted, interest expense on amortization of convertible debt and lease liabilities, loss on investment in GSRX Industries being the decline in the market price of GSRX shares, loss on sale of a building, impairment of California’s intangible assets, and impairment of goodwill. These non-cash items contribute over \$14.5 million of the Company’s net loss.

In addition, The Company’s operations in Puerto Rico saw a favourable judgement and received notification that its licensed for all cannabis cultivation and cannabis manufacturing licenses were reinstated on February 3, 2020.

“Chemesis continues to see growth and opportunities that will allow the Company to increase its presence in Puerto Rico, the United States and Colombia,” said CEO of Chemesis, Edgar Montero. “The Company continues to concentrate its efforts in building a strong and sustainable operation that is able to thrive in the cannabis market. Chemesis has seen some headwinds but the Company’s outlook for calendar 2020 remains positive as there continues to be a focused effort on the bottom-line.”



On Behalf of The Board of Directors

Edgar Montero

CEO and Director

About Chemesis International Inc.

Chemesis International Inc. is a vertically integrated U.S. Multi-State operator with International operations in Puerto Rico and Colombia.

The Company focuses on prudent capital allocation to ensure it maintains a first mover advantage as it enters new markets and is committed to differentiate itself by deploying resources in markets with major opportunities. The Company operates a portfolio of brands that cater to a wide community of cannabis consumers, with focus on quality and consistency.

Chemesis has facilities in both Puerto Rico and California. The Company is positioned to win additional licenses in highly competitive merit-based US states and will expand its footprint to ensure it maintains a first mover advantage.

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Forward-Looking Information: This news release contains "forward-looking information" within the meaning of applicable securities laws relating to statements regarding the Company's business, products and future of the Company's business, its product offerings and plans for sales and marketing, including with respect to the Company's expectations regarding its supply and distribution arrangements, ability to realize benefits from its recent contractual arrangements, its plans to continue to develop dispensaries in Puerto Rico, and its ability to obtain licenses in additional jurisdictions. Although the Company believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking information. Such forward-looking statements are subject to risks and uncertainties that may cause actual results, performance and developments to differ materially from those contemplated by these statements depending on, among other things, the risks that the Company's products and plan will vary from those stated in this news release and the Company may not be able to carry out its business plans as expected, including, but not limited to, in relation to executing on and maintaining its supply and distribution arrangements and recent contractual arrangements, in relation to developing dispensaries in Puerto Rico, and its ability to obtain licenses in additional jurisdictions. Except as required by law, the Company expressly disclaims any obligation and does not intend to update any forward-looking statements or forward-looking information in this news release. Although the Company believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct and makes no reference to profitability based on sales reported. The statements in this news release are made as of the date of this release.

The CSE has not reviewed, approved or disapproved the content of this press release