

Indiva Provides Corporate Update Including Improved Fourth Quarter Revenue Guidance

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[INDIVA Ltd.](#) (the "Company" or "Indiva") (TSXV:NDVA), the leading Canadian producer of cannabis edibles, is pleased to provide a corporate update and recap of fiscal 2023, including improved quarterly guidance, as the Company now expects record net revenue in the fourth quarter of 2023.

"2023 was an extremely busy year at Indiva and our results reflect our intense efforts. The growth of the Pearls by Grön brand, our successful launch of No Future gummies and vapes, and the resulting record net revenue for Q4 2023, is a testament to the dedication and hard work of the Indiva team," said Niel Marotta, President and Chief Executive Officer of Indiva. "Driven by Indiva's best-in-class distribution and store penetration, which exceeds 3,000 stores nationwide, Indiva continues to hold leading market share in the edibles category. By the end of November 2023, Pearls gummies captured the top market share by dollars and units in the edibles category in B.C and Ontario, with results in Alberta continuing to improve since Pearls launched in that market in May 2023. Additionally, Indiva has already sold more than two million No Future gummies and over 100,000 No Future vapes since the initial brand launch in B.C. and Alberta in August 2023. Further, the No Future gummies hit this sales volume in half the time it took Pearls to achieve similar volumes, despite only launching the brand in the largest provincial market, Ontario, in October 2023. The strength of the Pearls and No Future brands is expected to drive higher revenue in 2024. Finally, Indiva's profitability in 2023 benefited from investments in automation and process improvement, which are expected to continue to drive our costs lower in 2024, further strengthening our position as the low-cost producer of edibles."

IMPROVED Q4 2023 GUIDANCE

Continued strength in the Pearls by Grön and No Future brands has resulted in fourth quarter 2023 net revenue results, which are set to exceed the initial expectations and guidance provided in our third quarter results press release, dated November 21, 2023. The Company now expects aggregate Q4 2023 net revenue to improve both sequentially, and year-over-year, to a new quarterly record, exceeding \$10 million in net revenue for the three-month period ended December 31, 2023.

2023 HIGHLIGHTS

- Expanded Indiva's innovation team and intensified new product development efforts, which resulted in new brands and products including Indiva Blips, No Future gummies, No Future vapes, No Future Fatty Patty (launching in 2024), and a robust pipeline of innovations in development.
- Recovered revenue lost due to Health Canada's order to halt production and sale of lozenges in Q2 2023, and have since more than replaced it with revenue from new innovations.
- Signed a five-year contract manufacturing agreement with Canopy Growth and completed a \$2.1 million private placement of common shares in the capital of Indiva (the "Common Shares") as part of a \$4.25 million transaction.
- Launched No Future gummies and vapes, achieving listings in Ontario, B.C., Alberta, Manitoba and Saskatchewan, already resulting in adding more than \$1 million in monthly net revenue.
- Extended the maturity on our senior debt with SNDL Inc. by 2 years to February 2026, and did so without any incremental cost, while concurrently entering into an exclusive distillate supply agreement.
- Brought Pearls to the #1 market share position in edibles (dollars and units) in Ontario, making Pearls the 4th brand in Indiva's corporate history to lead a subcategory.
- Sold more than 2 million No Future gummies since the brand launched in July 2023.
- Regained the #1 position in national market share in the edibles category by dollars, despite losing all contributions from the Wana brand to this metric.
- Ranked 4th nationally in aggregate across all categories in monthly units sold in November 2023.
- Ramped production to record levels, lowered unit costs and improved margins with the benefit of the implementation of additional automation and process improvement, while decreasing waste and out-of-spec product as a percentage of revenue.
- Grew net revenue and expanded gross margins to a record in Q3.

- Achieved record EBITDA and positive income from operations in Q3 for the first time in corporate history.
- Achieved record net revenue for Q4 2023.

New Product Introductions for 2024

- No Future: The Company is launching 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 seven. Additionally, the Company is launching two new No Future gummy flavours, the Red One and the Pink One, bringing total No Future gummy SKUs in market to six. Also coming in 2024, No Future will launch an innovative chocolate covered cookie dough product called Fatty Patty.
- Pearls: The Company is launching Pearls Lemon Dream CBN 25-pack, which follows on the success of Marionberry CBG 25-pack and Peach Mango CBD 25-pack.
- Indiva Blips: Since the Ontario launch of Indiva Blips 25-pack in the second half of 2023, this product has gone on to consistently rank in the top ten of all Ontario capsule SKUs based on dollar sales. Blips have effectively reduced the cost of consuming 10mg of THC for medically focused consumers, and in 2024 Indiva is planning on launching a 55-pack size to bring down that cost even further.

Equity Incentive Grants

The Company's board of directors (the "Board") has approved the grant of an aggregate of 3,645,836 restricted share units (the "RSUs") and 3,624,778 options (the "Options") to certain directors, officers, employees and consultants of the Company pursuant to its amended and restated omnibus incentive plan (the "Plan"). The RSUs have a vesting period of one year. Subject to the Plan and applicable policies of the TSX Venture Exchange (the "TSXV"), each vested RSU entitles the holder thereof to receive, on settlement, a cash payment equal to the closing price of the Common Shares on the last trading date prior to settlement, or at the discretion of the Board, one Common Share, or a combination of cash and Common Shares. 3,524,778 Options vest over a period of three years, at a rate of one third of the total vesting each year on the anniversary of the grant, while 100,000 Options vest over a period of one year, at a rate of one quarter of the total vesting every three months from the date of grant. Each Option is exercisable into one Common Share at a price of \$0.095 per Common Share and expires five years from the date of grant.

The maximum number of Common Shares reserved for issue pursuant to the Plan pursuant to the exercise of Options granted under the Plan is equal to 10% of the number of Common Shares outstanding and the maximum number of Common Shares reserved for issuance, in the aggregate, pursuant to the settlement of RSUs granted under the Plan is 12,000,000. Upon completion of the grants referred to herein and certain other grants to employees of the Company, there will be 3,645,836 RSUs and 11,853,112 Options granted under the Plan, representing 8.3% of the outstanding Common Shares as of the date hereof.

ABOUT INDIVA

Indiva is proud to be Canada's #1 producer of cannabis edibles. We set the gold standard for quality and innovation with our award-winning products, across a wide range of brands including Pearls by Grön, Bhang Chocolate, Indiva Doppio Sandwich Cookies, Indiva 1432 Chocolate, and No Future Gummies and Vapes, as well as other Indiva branded extracts. 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. [Click here to connect with Indiva on LinkedIn](#), [Instagram](#), and [here to find more information on the Company and its products](#).

DISCLAIMER AND READER ADVISORY

General

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) 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 revenue, net revenue 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, including the anticipated introduction of new product offerings (iii) the Company's ability to capture and/or maintain its market share in any jurisdiction, (iii) the Company's ability to introduce new planned SKUs and products to the market, and (iv) the Company's ability to continue to drive costs lower in 2024. 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, (viii) reliance on the expertise and judgment of senior management of the Company, and ability to retain such senior management, (ix) risks related to proprietary intellectual property and potential infringement by third-parties, (x) risks relating to the management of growth and/or increasing competition in the industry, (xi) risks associated to cannabis products manufactured for human consumption, including potential product recalls, (xii) risks related to the economy generally, and (xiii) 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 "EBITDA". The Company calculates EBITDA as

net income (loss) before interest, taxes, depreciation and amortization. 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 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. 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 net income (loss).

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