



48North Cannabis Corp. Announces Sustained Revenue Growth and Reports an Improvement in its Cash Use for Q2 2021

March 1, 2021— Toronto, Ontario: 48North Cannabis Corp. (“48North” or the “Company”) (TSXV:NRTH), a vertically integrated Licensed Producer focused on manufacturing high-quality cannabis products, building progressive and thought-provoking brands, and low-cost cultivation, has released its financial and operating results for the second quarter ended December 31, 2020. The Company’s financial statements and related management discussion and analysis for the period are available on the Company’s SEDAR profile at www.sedar.com and on the Company’s website at www.48nrth.com/investors.

Financial and Operating Highlights for Fiscal Q2 2021

- Quarterly revenue of \$7.6 million, representing a 346 per cent year-over-year increase over second quarter 2020 revenues of \$1.7 million and a 11.7 per cent increase over first quarter 2021 revenues of \$6.8 million.
- The Company improved its cash use in operating activities by 46 per cent from \$5.7 million in Q1 2021 to \$3.1 million in Q2 2021. Having made early investments in a state-of-the-art manufacturing, processing, and packaging facility, Good:House, 48North expects to continue to improve its cash use. This reduced cash burn well-positions the Company for sustainable growth and puts 48North on a clear trajectory to near-term profitability.
- Adjusted EBITDA¹ for the quarter was \$(2.9) million compared to \$(4.7) million in Q2 2020, an improvement of 38.3 per cent.
- At the end of Q2, 48North had \$4.1 million in cash and cash equivalents.
- 48North closed its private placement offering with Cormark Securities Inc. (“Cormark”), to offer for sale 22,767,000 units of the Company at a price of \$0.15 per unit for aggregate gross proceeds of \$3,415,050. Cormark exercised its over-allotment option with respect to 2,767,000 Units for additional gross proceeds of \$415,050.
- In addition, the Company announced that it had entered into a term loan with a senior secured lender for gross proceeds of \$3.25 million.
- 48North announced that Health Canada had granted the Company the required license for its state-of-the-art drying facility at Good:Farm and completed the Company’s second annual harvest successfully.
- The Company launched *Latitude*, a brand with products ranging from sexual wellness, to beauty and beyond. Since launching, the brand has launched a number of innovative products, all in high-demand from both retailers and consumers.
- Looking ahead, 48North expects to redouble its commitment to high-quality products that delight the consumer as strengthened production and manufacturing capabilities continue to support revenue increases.

¹ Adjusted EBITDA is a Non-IFRS financial measures. Refer to the Non-IFRS Measures section in the MD&A for the definition.

“48North’s Q2 Fiscal 2021 results provide us with another strong demonstration that our strategy is working. The Company was successful in driving an increase in revenue while dramatically decreasing its cash burn. Looking ahead, there are additional efficiencies to leverage and significant organic growth opportunities to be capitalized upon, including increasing the reach of the Company’s newest brands Trail Mix and Latitude, introducing new product formats, and maximizing retail penetration,” said Charles Vennat, CEO of 48North.

“As a brand-led, consumer obsessed cannabis producer, 48North has never lost sight of the big picture. Our strategy of putting consumers first, working hand in glove with wholesalers and retailers to commercialize our products, and investing in a leading supply chain that is flexible to evolving market conditions has positioned us for continued success,” continue Charles.

“The plan is simple: drive revenue for our products and significantly lower fixed costs. We expect our focus on increased margins, stronger cash flows, and shortening our cash conversion cycle to generate lasting shareholder value. We continue to expand our product pipeline with well-defined and trusted brands, and we are staying on our path to profitability by doing what we do best: bringing flower to the people,” finished Charles.

Selected Financial Information

All amounts are expressed in thousands of Canadian dollars unless where indicated

	3-months ended December 31, 2020	6-months ended December 31, 2020
Revenue	7,607	14,420
Net (loss) income	(7,149)	(11,017)
Basic and diluted (loss) earnings per share – cents	(0.037)	(0.060)
Total assets	58,042	58,806
Total liabilities	15,098	15,862
Cash and cash equivalents	4,053	4,053

First Quarter Financial Statements

The Company announces that concurrent with the filing of the second quarter 2021 condensed interim financial statements, the condensed interim financial statements for the three-months ended September 30, 2020 have been re-filed. The Company determined that the gross amount of certain revenues were recognized rather than the net amount. As a result, the Company has reduced net revenues by \$690,017 and increased accounts payable and accrued liabilities by the same amount. The Company believes that these changes do not impact the Company’s operations or financial position.

Second Quarter 2021 Results Conference Call

March 2, 2021 at 8:30 AM (ET)

Dial-in number: 1-888-231-8191

The conference ID is 9567686 and you will be prompted to provide your name and company.

About 48North

48North Cannabis Corp. (TSXV: NRTH) is a vertically integrated cannabis company focused on manufacturing high-quality products, building progressive and thought-provoking brands, and low-cost cultivation. 48North is developing formulations and manufacturing capabilities for its own proprietary products, as well as positioning itself to contract manufacture similar products for third parties. 48North operates Good:Farm, a 100-acre organic cannabis farm which produces organically grown cannabis, securing a significant first-mover advantage in the production of low-cost, next-generation, extract-based cannabis products. In addition, 48North operates two indoor-licensed cannabis production sites in Ontario. 48North cultivates unique genetics at its wholly owned subsidiary, DelShen Therapeutics Corp. ("DelShen") and processes cannabis and manufactures next-generation cannabis products at Good & Green Corp. ("Good & Green"), both Licensed Producers under the Cannabis Act.

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For further information, please contact:

Connor Whitworth
Vice President, Strategic Communications and Corporate Affairs, 48North
(416) 639 5891 ext. 316
cwhitworth@48nrth.com