



HERITAGE CANNABIS
Holdings Corp.

Heritage Cannabis Reports 2019 Year-End Financial Results

First Revenue of \$3.6 million from Cannabis Operations Achieved

Toronto, ON, February 28, 2020 – [Heritage Cannabis Holdings Corp.](#) (CSE: CANN) (“**Heritage**” or the “**Company**”), today announced its financial results as at and for the twelve month period ended October 31, 2019 (“**FY 2019**”). All figures are in Canadian dollars unless otherwise noted.

“We are very pleased to report that the fourth quarter saw our first revenue from cannabis operations which is a major milestone for the Company as we advance our strategy in a well-paced manner,” stated Clint Sharples, Chief Executive Officer of Heritage. “We have continued to gain momentum in the first quarter of this year and are well positioned and funded to advance our growth strategy throughout 2020.”

Financial Highlights

FY 2019

- Revenue of \$3.6 million in FY 2019 compared to \$nil in the twelve month period ended October 31, 2018 (“**FY 2018**”).
- Net loss of \$13.2 million or \$0.03 per common share in FY 2019 compared to a net loss of \$6.4 million or \$0.04 per common share in FY 2018.
- Although the Company is not yet producing positive cash flows from operations, management expects to achieve positive cash flows from operations by Q3 2020. In the interim, management believes it has sufficient capital resources on hand to execute its business strategy.
- As at the end of FY 2019, the Company had a cash position of \$11.5 million, including GICs totalling \$9.1 million and working capital of \$11.7 million compared to \$1.2 million cash at the end of FY 2018 and working capital of \$0.9 million.

Q4 2019 Growth, Operational, and Corporate Highlights

- Revenue of \$3.6 million in the three month period ended October 31, 2019 (“**Q4 2019**”) compared to \$nil in the three month period ended October 31, 2018 (“**Q4 2018**”).
- On September 10, 2019, Heritage announced that it had entered into agreements with Weed Me Inc. (“**Weed Me**”) to purchase cannabis biomass and to secure future cannabis supply via a ‘right of first offer’ (“**ROFO**”). The first shipment from Weed Me was received during the last week of August. The open-ended ROFO provides Heritage with secured dried cannabis from Weed Me as each harvest is completed.
- On September 12, 2019, the Company announced that it signed a hemp processing agreement with Truro Cannabis Co. Under the terms of the hemp processing agreement, 700 kg of hemp biomass will be processed into bulk crude oil or further formulated products for delivery and sale to final purchasers legally able to purchase such products both within and outside of Canada.

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- On September 17, 2019, Heritage announced that it had entered into a Letter of Intent with Empower Clinics Inc., a vertically integrated CBD life sciences company based in Vancouver, B.C., to establish a joint venture in Oregon, United States, which will focus exclusively on the extraction of hemp for medicinal product development. The Company, through its wholly owned extraction entity, Purefarma, will install extraction and related downstream equipment, as well as train and supervise staff on proprietary extraction methodologies, all within Empower Clinics Inc.'s existing licenced hemp processing facility.
- On October 15, 2019, Heritage announced that it had entered into a supply and contract manufacturing agreement with Sugarbud Craft Growers Corp. whereby , commencing May 1, 2020 and for a period of 2 years, Sugarbud will supply Heritage with a minimum of 100 kilograms of dried cannabis per month and Heritage will provide extraction, formulation and production services in connection with the development of pre-filled vape cartridges.

Highlights Subsequent to the End of Q4 2019

- On November 12, 2019, the Company announced that it has entered into a supply and manufacturing agreement with James E. Wagner Cultivation Corporation ("**JWC**") for the filling and packing of vape pen cartridges for Canadian recreational and medical markets. Under the twelve month supply and manufacturing agreement, JWC will provide the Company with a minimum of 100kg per month of aeroponically-grown premium-grade cannabis biomass for processing into direct-to-vape products which maintain the natural properties of the cannabis strain, and assures no harmful additives or heavy metals are blended into the oil.
- On November 25, 2019, the Company announced that its wholly owned subsidiary and Health Canada license holder, CannaCure, received amendment licensing approval in accordance with Health Canada's Cannabis Act and Regulations for the expansion of three additional rooms at its facility in Fort Erie, Ontario. The approved rooms will be used for operating extraction machines, and various downstream equipment related to extraction and the production of formulated cannabis oil. This expanded space will enable the installation of two new Vitalis Q90 extraction systems which were delivered in Q3 2019.
- On December 4, 2019, Heritage announced the launch of its EndoDNA Test Kit in Canada powered through its partly owned subsidiary Endocanna. The EndoDNA test analyzes over 500 genes and more than 550,000 Single Nucleotide Polymorphisms in the human body, and provides a personalized EndoDecoded report, identifying how an individual's specific genetic makeup interacts with cannabinoids and terpenes. The custom report will help customers select cannabis with the right cannabinoid profile and assist with choosing the formulation, dosage, and best delivery method for their needs.
- On December 11, 2019 the Company announced a partnership with Brock University ("**Brock**") to further Brock's research of cannabis tissue culture and contribute to the advanced understanding of the medical benefits of cannabis. The goal of the research is improving the quality and health of medicinal-use cannabis plants through disease diagnostics and testing.
- On February 3, 2020 the Company announced that it had entered into a 24 month term loan agreement with Trichome Financial Corp. for total proceeds of \$6,700,000. Trichome advanced the Company \$4,875,000 on January 30th, 2020 with an additional \$1,825,000 to be advanced upon the earlier of (i) the issuance of a Health Canada sales licence or

(ii) the Company achieving consolidated revenues of \$7,500,000. The Loan is non-amortizing and payable in full upon maturity, 24 months following the closing date. The loan bears interest at a rate of 9.5% and was subject to a 4.5% original issue discount.

Financial Statements

The consolidated financial statements of the Company as at and for the three and twelve month periods ended October 31, 2019 and accompanying management's discussion and analysis have been filed with the securities regulators and are available on SEDAR at www.sedar.com under the Company's issuer profile.

About Heritage Cannabis Holdings Corp.

The Company is focused on becoming a vertically integrated cannabis provider that currently has two Health Canada approved licenced producers, through its subsidiaries Voyage Cannabis Corp. and CannaCure Corp. both regulated under the Cannabis Act Regulations. Working under these two licences, Heritage has two additional subsidiaries, Purefarma Solutions, which provides extraction services, and a Medical Services Division which is focused on cannabis based medical solutions. Heritage as the parent company, is focused on providing the resources for its subsidiaries to advance their products or services to compete both domestically and internationally.

ON BEHALF OF THE BOARD OF DIRECTORS OF HERITAGE CANNABIS HOLDINGS CORP.

"Clint Sharples"

Clint Sharples
CEO

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This news release contains forward-looking information, which involves known and unknown risks, uncertainties and other factors that may cause actual events to differ materially from current expectation. Important factors - including the availability of funds, the results of financing efforts, the results of exploration activities -- that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents filed from time to time on SEDAR (see www.sedar.com). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The company disclaims any intention or obligation, except to the extent required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

