



Heritage Cannabis Reports Third Quarter 2020 Financial Results

Toronto, ON, September 29, 2020 – [Heritage Cannabis Holdings Corp.](#) (CSE: CANN) (OTCQX: HERTF) (“**Heritage**” or the “**Company**”), today announced its financial results for the three and nine month periods ended July 31, 2020 (“**Q3 2020**”). All figures are in Canadian dollars unless otherwise noted.

“Our third quarter revenue continued to show sequential growth however the quarter remained a transitional period for the business as we focused on ramping up our own product sales under the Purefarma and Pura Vida brands that we launched in BC and Manitoba in September”, stated Clint Sharples, Chief Executive Officer of Heritage. “This combined with new contract manufacturing agreements, the launch of our products in additional Canadian provinces, our edibles product launch, and the acquisition of Opticann to expand our U.S. presence will contribute to revenue growth going forward.”

Selected financial highlights for the three and nine month periods ended July 31, 2020 include the following:

<i>(in \$CDN)</i>	<u>Three months ended</u>		<u>Three months ended</u>		<u>Nine months ended</u>		<u>Nine months ended</u>	
	<u>July 31, 2020</u>		<u>July 31, 2019⁽¹⁾</u>		<u>July 31, 2020</u>		<u>July 31, 2019⁽¹⁾</u>	
Gross Revenue	\$	2,389,776	-	\$	7,756,320	-		
Net Revenue	\$	2,310,050	-	\$	6,826,462	-		
Cost of Sales	\$	3,271,593	-	\$	6,207,921	-		
Gross Margin	\$	(961,543)	-	\$	618,541	-		
General and Administrative Expenses	\$	2,078,334	\$	4,209,291	\$	7,733,998	\$	11,284,956
Net Loss	\$	(14,937)	\$	(4,241,377)	\$	(3,834,325)	\$	(13,247,116)

(1) As the Company was not generating revenue during the three and nine months ended July 31, 2019, revenue, cost of sales and gross profit figures are nil.

Q3 2020 Financial Highlights

- Gross revenue of \$2.4 million in Q3 2020 compared to \$nil in the three-month period ended July 31, 2019 (“**Q3 2019**”). After adjusting for the impact of excise taxes, the Company reported net revenue of \$2.3 million in Q3 2020 compared to \$nil in Q3 2019. For the nine month period ending July 31, 2020, the Company reported gross revenue of \$7.8 million, as compared to \$nil in the nine month period ended July 31, 2019. After adjusting for the impact of excise taxes, the Company reported net revenue of \$6.8 million for the nine months ended July 31, 2020 compared to \$nil in the same period in 2019.
- Gross margin percentage loss on sales net of excise taxes for Q3 2020 of 42%. Gross margin in Q3 2020 was negatively impacted as a result of the Company recognizing the uncertain

settlement of a potential liability that had previously been adjusted given the expected outcome. Excluding the adjustment, gross margin percentage in Q3 2020 was 48%. While the gross margins prior to the adjustment improved over the prior quarter, the progression of the COVID-19 outbreak had a negative impact on the Company's revenue, maintaining efficient production and operating metrics. Gross margin percentage on sales net of excise taxes for the nine month period ended July 31, 2020 was approximately 9%.

- Net loss of \$0.015 million or \$0.00 per common share in Q3 2020 compared to a net loss of \$4.2 million or \$0.01 per common share in Q3 2019. For the nine month period ended July 31, 2020, the Company recorded a net loss of \$3.8 million or \$0.01 loss per share compared to a net loss of \$13.2 or \$0.03 loss per share for the nine-month period ended July 31, 2019.
- As at the end of Q3 2020, the Company had cash and cash equivalents of \$10.2 million, and working capital of \$10.2 million compared to \$11.5 million in cash and cash equivalents and working capital of \$11.7 million at the end of fiscal year 2019.

Q3 2020 Growth, Operational, and Corporate Highlights

- On May 26, 2020, Heritage announced the intent to launch its own series of formulated extraction products under the brand name Purefarma, which will be sold through its licensed facilities. The Purefarma brand will be sold through recreational channels and will feature several products that consumers have previously had access to under the patient to patient regime, including CBD focused products such as elixirs and vape pens. Discussions with provincial boards are on-going particularly with the Company's vape pens given they are produced without any carrier oils or added flavours.
- On June 4, 2020, the Company signed an agreement to purchase the Pura Vida brand and trademark for \$75,000, satisfied by the issuance of 500,000 common shares of the Company at a value of \$0.15 each. Pura Vida is an award-winning legacy cannabis brand recognized primarily for its superior tinctures, concentrates, and vape cartridge products. The Pura Vida brand will be marketed primarily as Heritage's recreational offering and is a complement to the above referenced Purefarma med/rec brand.
- On June 16 and 18, 2020, the Company announced the initial Pura Vida products – full spectrum Sativa, Indica & Hybrid Honey Oil Vape Cartridges, as well as Daybreak and Nightfall full spectrum THC tinctures. Select products will be sold through provincial cannabis stores across Canada, beginning in British Columbia and Manitoba in September 2020.
- On June 24, 2020, the Company announced that it will be marketing Purefarma Sun (Sativa), Purefarma Moon (Indica) and Purefarma Earth (CBD) vape cartridges initially in British Columbia and Manitoba, with plans to expand to the rest of the country thereafter.
- In June 2020, the Company completed the initial purchase order and initial contract for its major customer. The Customer paid all amounts owing for previously invoiced work, finished product and work in progress. The Customer determined a subsequent purchase order would not be required given current economic conditions.
- On June 30, 2020, Heritage announced that it had signed a term sheet with True North Agri Inc. ("True North") for contract manufacturing services including biomass sourcing and the production of full spectrum cannabis oil and vape cartridge products. Voyage will produce CBD oil, 1-to-1 oil products, THC oil products, and a full spectrum vape cartridge for True North, with all formulation, preparation and packaging procedures performed in compliance with applicable regulations.

- On July 8, 2020, Heritage announced the intended launch of Purefarma Hemplexers and a Pura Vida CBD tincture and 4:1 full spectrum CBD dominant vape product.
- On July 13, 2020, Heritage signed a term sheet with Weed Me Inc. ("Weed Me") for contract manufacturing services to produce high-quality cannabis vape cartridge products. Purefarma worked with the production designers at Weed Me to create a product that will offer the consumer a unique flavour profile and will complement and extend Weed Me's offerings of flower and pre-roll products.

Financial Statements

The interim consolidated financial statements of the Company as at and for the three and nine month periods ended July 31, 2020 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.

Heritage Cannabis Holdings Corp. is a vertically integrated cannabis company that owns two Health Canada approved licenced producers, Voyage Cannabis Corp. and CannaCure Corp., both of which also have industrial hemp licenses. Additionally, Voyage recently received its sales license from Health Canada, and the Company launched its own products in the BC and MB markets in September 2020, with other provinces to follow. Working under its licenses, Heritage has two additional subsidiaries, Purefarma Solutions, that provides extraction services, and a Medical Services Division which is focused on cannabis based medical solutions. Heritage as the parent company, provides the synergies and resources for its subsidiaries to advance their medical and adult use products and services 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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Forward-Looking Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-



looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information contained herein may include, but is not limited to, assumptions related to cash flow and capital resources, and expectations related to the supply and manufacturing agreements, the intended expansion of the Company, and partnerships and Joint Venture Partnerships.

By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements.

An investment in securities of the Company is speculative and subject to several risks including, without limitation, the risks discussed under the heading "Risks and Uncertainties" in the Company's annual management discussion and analysis for the year ended October 31, 2019 and dated February 28, 2020, as well as the interim management discussion and analysis for the quarter ended July 31, 2020 and dated September 29, 2020. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information and forward-looking statements contained in this press release, the Company has made certain assumptions. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice.

