



HERITAGE CANNABIS
Holdings Corp.

Heritage Cannabis to Acquire Premium 5 Ltd.

Combined entity will create one of the most significant companies in the extract and extract derivatives market in Canada.

Toronto, ON, December 23, 2020 – Heritage Cannabis Holdings Corp. (CSE: CANN) (OTCQX: HERTF) (“Heritage” or the “Company”), today announced that it has entered into a definitive agreement (the “Agreement”) to acquire all of the issued and outstanding securities of Premium 5 Ltd. (“Premium 5”), a Canada-based recreational and medical cannabis company that creates high-quality full spectrum concentrates under the brand Premium 5.

Premium 5 is a leader in developing and launching products, proven by successfully introducing one of the first hydrocarbon products in the Canadian recreational and medical markets as well as becoming the first to launch live resin vapes. It currently offers two sought-after brands in eight provinces across Canada, as well as Shelter Market and Shoppers Drug Mart.

Premium 5 offers a wide range of high-quality products that encompass premium, core, and value priced brands in both the recreational and medical markets, creating a leading portfolio of products in the Cannabis 2.0 space focused on derivative concentrates. It is best known for its namesake brand – Premium 5 which is first in the premium hydrocarbon and solventless concentrates category, as well as the newly launched RAD value brand which is first in the value hydrocarbon concentrate, flower and distillate vape categories.

Currently, Premium 5 has entered eight of the 13 provincial and territorial recreational markets including the three largest, British Columbia, Alberta, and Ontario and have strong product listings on the two leading medical platforms; Shelter Market (13 listed products) and Shoppers Drug Mart’s online cannabis platform (11 listed products). In total, Premium 5 has 66 SKU offerings and a strong product development pipeline with a focus on innovation and quality.

High demand for Premium 5 products has resulted in provincial purchase orders nearing \$10 million since launching sales in June 2020 and growing each month to an annualized run-rate of approximately \$20 million. The launch has been met with strong consumer acceptance as highlighted by sustained re-order rates across Canada including over \$2 million in the month of December.

For Heritage, this transaction delivers on several key critical strategic objectives:

- Immediate coast to coast sales
- Strong margins with an emphasis to drive additional synergies
- Increased focus on execution and speed-to-market
- Strong product development pipeline

Under the terms of the Agreement, Premium 5 will receive initial consideration of CDN\$21.0 million of common shares of Heritage, plus additional Heritage common shares to compensate the shareholders of Premium 5 for the Net Working Capital of Premium 5 as of the closing date. The Agreement additionally includes a series of revenue growth and gross margin milestones over the next 24 months to earn potential consideration of up to an additional CDN\$20.0 million payable in common shares of Heritage.

"The acquisition of Premium 5 brings a strong team with proven brands and products to Heritage's platform. The combination of Premium 5's portfolio and our successful line-up of sought-after products creates an impressive catalog of products for both the provincial boards and consumers across Canada," stated Clint Sharples, CEO of Heritage. "The Premium 5 approach of offering high quality products aligns well with our strategy, and also caters to multiple consumer categories and price points. As a result of these product listings, Heritage will have significant product choice for consumers across the country. This is a significant step in growing our platform both domestically and internationally."

As part of the transaction, Premium 5 CEO David Schwede will become the President of Heritage's recreational cannabis division. Prior to his role as CEO of Premium 5, he was Senior Manager of Product Development and Project Management for one of Canada's largest revenue producing cannabis companies. With a history as CEO of tech start-ups, he is an entrepreneur who has successfully operated and scaled multiple businesses that have won several start-up awards with his most recent being one of Forbes start-ups to watch for 2019.

"We have built a strong brand in a core part of the market that continues to grow. Our focus is to combine our innovation and execution with the Heritage infrastructure to leverage our combined team and further expand our reach both domestically and abroad. We look forward to building on past successes as part of the Heritage family," said David Schwede.

The transaction is subject to customary closing conditions and is expected to be completed before the end of January 2021. Hillcrest Merchant Partners is acting as the exclusive financial advisor to Premium 5.

About Heritage Cannabis Holdings Corp.

Heritage is a vertically integrated cannabis provider that currently has two Health Canada approved licensed producers, through its subsidiaries Voyage Cannabis Corp. and CannaCure Corp. both regulated under the Cannabis Act Regulations. Working under these two licenses, Heritage has two additional subsidiaries, Purefarma Solutions, which provides extraction services, and a Medical Services Division which is focused on cannabis based medical solutions. In the U.S., Heritage operates under Opticann Inc., a Colorado based oral and topical cannabinoid company with the rights to exclusively sell CBD and CBG products made with the patented VESIsorb® drug delivery system for optimized absorption and stability. As the parent company, Heritage is focused on providing the resources for its subsidiaries to advance their products or services to compete both domestically and internationally.

About Premium 5 Ltd.

Premium 5 products offer a feeling that only the terpenes from a high terpene full spectrum concentrate can give, to encourage customers to find their feeling. Premium 5 is dedicated to creating high-quality full spectrum concentrates, selling a premium high THC experience, and providing a healthier more discrete way to medicate and consume. Products offered under the Premium 5 brand are crafted from indoor grown, fresh-frozen, whole bud that has been carefully selected for optimal cannabinoid and terpene profiles to offer customers only the most exceptional quality. Premium 5 prides themselves in being consumer-driven to delight their partners, their consumers, and their communities.

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

"Clint Sharples"



Clint Sharples
CEO

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The Canadian Stock Exchange does not accept responsibility for the adequacy or accuracy of this release.

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.