



MANIFESTSEVEN

ManifestSeven Reports Financial Results for Second Quarter Fiscal Year 2021

--

Continued execution of M7's integrated B2B and B2C business model drives ongoing enhancement of California's cannabis supply chain

M7 reports ongoing strategic review

--

IRVINE, CA – July 30, 2021 – [ManifestSeven Holdings Corporation](#) (CSE: MSVN; OTCMKTS: MNFSF) ("**M7**" or the "**Company**"), California's first integrated omnichannel platform for legal cannabis, today announced financial results for its fiscal second quarter ended May 31, 2021. M7's second-quarter financial results reflect the continued demand for the Company's integrated regulated operations—its business-to-business and direct-to-consumer divisions, respectively, [Highlanders Distribution](#) and [Weden](#)—which seamlessly integrate the cannabis supply chain directly with end-users in major metropolitan markets throughout California.

All financial information in this press release is provided in U.S. dollars unless otherwise indicated.

Second Quarter 2021 Fiscal Quarter Financial Highlights

- Generated consolidated revenue of \$3.8 million during the second fiscal quarter, in line with consolidated revenue of \$3.8 million during the first fiscal quarter. During the second fiscal quarter, M7 continued to place a greater emphasis on generating revenue from its regulated operations, with regulated product sales increasing by 4% quarter-over-quarter and expected to yield greater long-term revenue growth.
- Reported consolidated gross profit of \$1.2 million during the second first quarter, representing an increase of 10% from \$1.1 million during the first fiscal quarter. The increase in gross profit is primarily attributable to a shift in product mix from ancillary to regulated products, as described above.
- The Company's gross profit margin increased from 30% during the first fiscal quarter to 33% during the second fiscal quarter, with gross profit margin for the Company's regulated segment increasing from 30% to 34% quarter-over-quarter. The Company expects gross profit as a percentage of revenue to fluctuate going forward as the Company continues to implement its business model and further refine its product mix.
- M7 continued to optimize its cost structure, resulting in operating expenses (excluding depreciation and amortization and stock-based compensation expense) of \$2.7 million during the fiscal second quarter, representing a decrease of 23% from \$3.5 million during the first fiscal quarter.

Operational Highlights and Key Updates Subsequent to the Quarter

- M7 entered into two key agreements related to Highlanders that are collectively expected to result in significant operational synergies and maximize the Company's ability to monetize its regulated distribution infrastructure by generating incremental and accretive revenue and optimizing operating margins, including:
 - In May 2021, M7 entered into a Consulting Agreement with an established third-party broker of bulk regulated products to carry out bulk wholesale distribution operations on behalf of Highlanders, which is expected to provide the Company with consistent sources of raw materials through relationships with some of California's leading licensed cultivators and manufacturers and generate significant cross-sell opportunities with Highlanders' finished goods distribution operations; and
 - In July 2021, the Company entered into a Master Services Agreement with a licensed third-party cannabis distribution company, focused primarily on the rapidly-growing beverage product category, to carry out finished goods distribution operations on behalf of Highlanders, which is expected to consolidate a client portfolio that includes some of California's highest selling beverage products, a database of nearly 400 active licensed retailers throughout California, and a robust fleet consisting of 16 distribution vehicles, allowing for efficient statewide long-haul transportation and last-mile fulfillment of regulated products.
- The Company announced that it has initiated a strategic review process to explore, review and evaluate a broad range of potential alternatives for M7 focused on maximizing shareholder value.
- The Company is evaluating options around its strategic direction and drivers, operations and operating model, geographic footprint, value-driven elements of the supply chain, and resourcing.
- The Company has modified the terms of certain of its secured promissory notes, eliminating principal or interest payments due until the maturity date. In addition, the Company continues to work closely with its other major creditors, vendors, and landlords as it pursues a range of strategic and financing alternatives.

Management Commentary

Sturges Karban, M7's Chief Executive Officer, commented, "M7's launch into 2021 demonstrated that our commitment to integrating our B2B and B2C operations into a singular, statewide cannabis superhighway has yielded a reliable, scalable, and frictionless commercial platform capable of supporting the legal cannabis industry's increasing demand for distribution, retail, and delivery solutions. In this most recent quarter, M7 continued to build upon its focused strategy by further developing Highlanders' distribution capabilities and strengthening the business processes and practices across the Company's integrated regulated operations."

Karban added, "While we work to maximize the organic growth potential of the regulated infrastructure we have developed across California, the world's largest and most vibrant cannabis market, we also continue to evaluate potential acquisitions and joint ventures to expand M7's market share, while also enhancing its bottom line. As we look to the second half of 2021, we see significant opportunities to grow the physical and commercial footprint of our core B2B and B2C operations in California and, eventually, outside of our home state, as well."

About ManifestSeven Holdings Corporation

[ManifestSeven Holdings Corporation](#) (CSE: MSVN; OTCMKTS: MNFSF) ("**M7**" or the "**Company**") disrupts the California cannabis landscape by seamlessly integrating proprietary distribution, retail, and delivery operations into a unified statewide platform that supports compliant and efficient commerce, both for cannabis enterprises and consumers. M7 offers local on-demand delivery through a growing portfolio of delivery hubs and storefront dispensaries in the state's major metropolitan markets through its direct-to-consumer division, [Weden](#). Through its business-to-business division, [Highlanders Distribution](#), the Company provides a comprehensive suite of commercial and compliant services to licensed cannabis cultivators, manufacturers, distributors, and retailers operating throughout California. M7's 1-800-CANNABIS portal ties the Company's integrated operations together

with a centralized gateway through which businesses and consumers can access M7's comprehensive suite of products and solutions. M7 is a publicly listed company on the Canadian Securities Exchange ("CSE") trading under the ticker symbol "MSVN". Additional information is available under the Company's SEDAR profile at www.sedar.com.

For the latest news, activities, and media coverage, please visit www.manifest7.com. To receive Company updates and be added to the email distribution list, please sign up [here](#).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS:

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. 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 and assumptions regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. This forward-looking information is based on certain assumptions made by management and other factors used by management in developing such information. 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. Factors that could cause the actual results to differ materially from those in forward-looking statements include, regulatory actions, market prices, and continued availability of capital and financing, and general economic, market or business conditions. 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 its entirety by this notice.

The Company's securities referred to in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, the Company's securities may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or a solicitation of any offer to buy any Company's securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful.

Investor & Media Contact:

ManifestSeven Investor Relations
Email: IR@manifest7.com
Phone: 949-409-9330

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

###