



## Bhang Announces First Quarter Fiscal Year 2020 Results

**MIAMI, FLORIDA, July 14, 2020** - [Bhang Inc.](#) ("Bhang" or the "Company") (CSE: BHNG) (OTCQX: BHNGF), a global cannabis CPG brand company with an award-winning portfolio of products, is pleased to announce its financial and operating results for first quarter fiscal 2020 ended March 31, 2020. All figures are reported in US dollars (\$), unless otherwise indicated. For a more comprehensive overview of the corporate and financial highlights presented in this press release, please refer to Bhang's Management's Discussion and Analysis for the Three Months Ended March 31, 2020, and the Company's Condensed Consolidated Interim Financial Statements for the Three Months Ended March 31, 2020 and 2019, which are filed on SEDAR.

At the end of fiscal 2019, Bhang's Board of Directors asked Jamie L. Pearson, Bhang's Chief Operating Officer to become the Company's President and Chief Executive Officer. Ms. Pearson accepted the responsibility of ensuring Bhang's survival in the developing downturn in the cannabis industry and grow Bhang into a profitable company. She immediately analyzed financials and began the slow work of converting Bhang from a "house of brands" into one of the world's leading cannabis chocolate companies. Among the myriad of decisions she made in collaboration with Bhang's board, Pearson closed the headquarters in Miami, reduced staff from nineteen to seven, who all work remotely, and reduced SKUS to only those with secure supply chain and ample margin. She moved Bhang's CBD products into a fulfillment house in Los Angeles and her team is focused exclusively on running the business and generating revenue.

Gross profit for the three months ended March 31, 2020 was \$1,243,588 compared to gross profit of \$429,316 for the three months ended March 31, 2019. The Company derived approximately 91% of its revenue for the three months ended March 31, 2020 from licensing revenue that has low cost of sales.

Sales and marketing expenses for the three months ended March 31, 2020 totaled \$153,013, a decrease of \$131,313 when compared to sales and marketing expenses of \$284,326 for the three months ended March 31, 2019. These efforts were scaled back and focused on certain key areas in an attempt to conserve working capital.

News about Bhang Chocolate and its licensees in various markets includes:

- California: Bhang took over operation of the brand in California in the first quarter of Q1 after terminating the agreement with its former licensee. Bhang launched new, refreshed packaging in California in Q1 and sales have exceeded expectations. The additional advantage of Bhang controlling operations in the largest cannabis market in the world is its improved ability to provide a "walk a mile in your shoes" level of operational support for its licensees.
- Nevada: Bhang chocolate is expected to hit Nevada shelves in late Q2 2020. Bhang's licensee in Nevada, has a sales presence in all 72 Nevada retail and delivery outlets. Revenue from Nevada is anticipated to begin in Q3 2020.



- Florida: Bhang has a top-tier licensee in Florida to manufacture and distribute Bhang chocolate across their 48 Florida retail locations (expecting 64 by the end of calendar 2020) as well as through their state-wide home delivery service. Edibles are not legal for distribution in Florida yet, but there has been legislative movement. Bhang is hopeful their licensee will be manufacturing and selling in Q3 or Q4 of 2020.
- Illinois: Bhang's licensee is currently manufacturing and selling out of Bhang chocolate in Illinois every month. They have completed a major facility expansion and their increased ability to manufacture should translate into increased sales and revenue in 2020 and beyond.
- New Mexico: Bhang's licensee won the "Best of Burque" the past two years in a row and continues to dominate cannabis chocolate in the state. Bhang New Mexico plans to launch the refreshed packaging in Q3 2020 and is optimistic the voters of New Mexico will legalize adult-use cannabis in November.
- Canada approved the sale of cannabis edibles in the roll out of "Cannabis 2.0" with product sales of Bhang chocolate beginning in February of 2020. Bhang's JV partner in Canada successfully sold 1.6 million CAD of Bhang chocolate in its first six weeks in the Canadian market Q1 2020. Bhang Chocolate is currently the #1 and #2 edible in Canada and Bhang Milk Chocolate is the #1 edible in Ontario.

Jamie L. Pearson, Bhang's President and CEO commented, "Bhang is a strong brand with excellent products. When the foundation is this solid, success is determined by decisions that enhance what is already working. We are one of the few companies that has survived a decade in this wonderful and difficult industry, precisely because of our ability to adapt. It is my honor to lead Bhang through another phase of adaptation. Many people stepped up when I became CEO. I am humbled by the show of support. Having dedicated nearly five years of my life to this company, I am proud of our history and excited for our future. We are on the path to profitability, we have solidified key partnerships and funding sources, and our incredible and diverse executive team and board of "doers" not "delegators" has risen to the occasion. Q1 shows the beginnings of our change from a "house of brands" to one of the world's leading cannabis chocolate companies, and reflects our focus on basic business fundamentals."

## **About Bhang**

Bhang is committed to making the fairly enjoyable ridiculously fun. For over a decade Bhang has delivered exceptional sensory experiences to consumers through its extensive portfolio of over 50 master-chef created cannabis, CBD and terpene products including gourmet chocolates, pre-rolls, CBD isolate, and Hempsticks™. Bhang's highly-awarded chocolates are among the top-selling edibles in 7 US states and the #1 and #2 edible of Canada. Bhang's CBD products are globally-distributed and are known for being safe, efficacious and delicious. Learn more at [www.bhangnation.com](http://www.bhangnation.com) and purchase our high-quality CBD products at [www.bhangcbd.com](http://www.bhangcbd.com). Live Life with a Bhang!



## **FORWARD LOOKING STATEMENTS**

*This press release contains statements which constitute “forward-looking information” within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to future business activities. Forward- looking information is often identified by the words “may,” “would,” “could,” “should,” “will,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “expect” or similar expressions and include information regarding: (i) statements regarding the future direction of the Company; (ii) the ability of the Company to successfully achieve its business and financial objectives; (iii) plans for expansion of the Company into new jurisdictions; and (iv) expectations for other economic, business, and/or competitive factors. Investors are cautioned that forward-looking information is not based on historical facts but instead reflect the Company’s management’s expectations, estimates or projections concerning the business of the Company’s future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: changes in general economic, business and political conditions, including changes in the financial markets; in particular, in the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; adverse changes in the public perception of cannabis; decreases in the prevailing prices for cannabis and hemp products in the markets that the Company operates in; adverse changes in applicable laws or adverse changes in the application or enforcement of current laws; the cannabis market is highly regulated and those regulations and enforcement priorities of governmental authorities may change; compliance with extensive government regulation and related costs; and other risks described in the Company’s Listing Statement, dated July 9, 2019, and other filings on [www.sedar.com](http://www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.*

This press release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Company’s securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States and may not be offered or sold within the United States or to any “U.S. Person” (as defined in Regulation



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