



Heritage Cannabis Books Record Sales in the Month of July; Provides Sales Pipeline Update

- *Sales of \$3.2M in July 2021 set a new monthly record, exceeding the previous monthly record of \$2.1M in May, 2021*
- *Headset, Inc. data published in June 2021 shows Heritage achieved one of the top growth rates for extract sales in the first half of calendar 2021*

Toronto, ON, August 19, 2021 – Heritage Cannabis Holdings Corp. (CSE: CANN) (OTCQX: HERTF) ("Heritage" or the "Company"), is pleased to announce that unaudited sales for July 2021 hit a monthly record of \$3.2M, marking the fifth monthly sales record in 2021. The record sales figures for the Company reflect its growing market share, which is correlated to the Company's introduction of innovative products and expanded distribution channels.

As sales momentum builds, Heritage remains focused on increasing margins and containing costs. Gross margins for July also achieved a monthly record, while SG&A costs as a percentage of revenue continue to decline from the level reported in the second fiscal quarter. Spending and capital expenditures by the Company are measured by their expected return on investment and ability to generate near-term revenues.

Management has prepared an update on its 2021 strategic growth initiatives and its sales pipeline:

Vapes

Vape products have been a key driver in recent sales growth initiatives with sales hitting consecutive records every month this year. Headset, Inc. ("Headset") data shows Heritage as 11th in sales through the first half of 2021 in Canada and gaining significant market share during the same period. Heritage offers vape products under four of its brands (Premium 5, RAD, Purefarma, and Pura Vida) and has been proactively managing its offerings to stay price competitive in all segments, while also delivering innovative products and new flavour profiles to keep up with consumer demands. Three new listings were secured in New Brunswick and five new stock keeping units ("SKUs") were secured in Alberta. Heritage is now the second largest vape supplier to New Brunswick with a 12% market share.

Concentrates

Heritage continues to command a large market share of concentrate products and holds the 3rd spot in Canadian sales¹ for the first half of 2021. Heritage brand Premium 5 introduced the first dabs and first live resin products in the country in 2020 and is continuing to lead the category in innovation. The company currently has 30 concentrate SKUs in market, with sales of the RAD line showing enormous traction in all markets where they are currently offered. Recent concentrate launches in Ontario have been extremely successful and have prompted a significant increase in the size of the most recent purchase order by the Ontario Cannabis Store. Heritage currently has the fourth and sixth best performing concentrates in the province and has approximately 16% market share in the non-hash concentrate category. In

¹ Headset data source

July Heritage launched two new concentrates that were the two fastest growing concentrates in Ontario.

Dried Cannabis Sales

In July Heritage filled the first of its orders for dried flower to B.C., leveraging the Company's strong brand awareness with consumers, and selling out within the first week of hitting retail shelves. Heritage is continuing the rollout of new dried flower and pre-roll products across the country, with a total of 10 SKUs set to be released in fiscal Q4. Dried cannabis still makes up 64% of recreational cannabis sales in Canada according to [Government of Canada research](#), and will be an important area of sales growth for the Company in the coming months.

Bloom Acquisition

Heritage is continuing its due diligence in respect to the proposed acquisition of Capna Intellectual/dba [Bloom Brands](#) ("Bloom"), which was previously announced on June 1, 2021. Bloom is currently available in six U.S. states – California, New Mexico, Oklahoma, Nevada, Washington, and Arizona. The unaudited, attributed sales for Bloom in the second quarter were approximately US\$2.56 million, representing a 9.4% increase from the first quarter of 2021. In mid June, Bloom introduced a new concentrates product in California, selling over 70% of the initial run in the first four weeks. Future planned product launches include the Bloom Surf Disposable, a new vaporizing technology designed to enhance cannabis strain terpene profiles for flavor and effect.

"I am incredibly proud of the team at Heritage for the execution of our strategy and our success in steadily growing revenue in 2021," said David Schwede, Heritage's newly appointed CEO. "We are consistently breaking sales records on a monthly basis and market share data confirms that we are increasing our sales velocity. Many of the initiatives that we have been progressing behind the scenes are only just beginning to translate to sales. Dried flower and pre-rolls increased penetration in Ontario, and new product releases are only at their infancy. We expect that these efforts will continue to drive growth for many more months to come."

The Company expects to release its full fiscal Q3 results by the end of September 2021.

About Heritage Cannabis Holdings Corp.

Heritage is a leading cannabis company offering innovative products to both the medical and recreational legal cannabis markets in Canada and the U.S., operating under two licensed manufacturing facilities in Canada. The company has an extensive portfolio of high-quality cannabis products under the brands Purefarma, Pura Vida, RAD, Premium 5, feelgood., CB4 and ArthroCBD.

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

"David Schwede"

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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, 2020 and dated February 26, 2021. 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.