



Heritage Cannabis Reports Q1 2022 Financial Results

Toronto, ON, May 30, 2022 – [Heritage Cannabis Holdings Corp.](#) (CSE: CANN) (OTCQX: HERTF) (“**Heritage**” or the “**Company**”), today announced its financial results as at and for the three months ended January 31, 2022 (“**Q1 2022**”). All figures are in Canadian dollars unless otherwise noted.

“Our team has done a phenomenal job over the past year in transitioning Heritage to a Company with exceptional brands offering innovative, in-demand products – a great accomplishment and testament to how far we have come in just one year. With revenue growth over 400% from the first quarter of last year, and 34% over the fourth quarter of 2021, we are hitting our stride as a branded cannabis company, and we’re just getting started,” commented David Schwede, CEO of Heritage. “As we move to cash flow positive territory, the Company has never been healthier, and our stable balance sheet, continued revenue growth, and proven commitment to a lean cost structure are leading indicators of where we are headed. We have an incredible business with staff that are the soul of our company. During a very turbulent time in the cannabis market, we are so appreciative of our platform partners that trust and believe in our products, and exceedingly thankful to our shareholders for their patience during this transitional period.”

Selected Financial Highlights

Selected financial highlights for the three months periods ended January 31, 2022, January 31, 2021, and October 31, 2021 include the following:

<i>(in \$CDN)</i>	Three-month periods ended		
	Jan 31, 2022	Jan 31, 2021	Oct 31, 2021
	\$	\$	\$
Gross revenue	9,596,141	1,827,273	7,132,942
Net revenue (net of excise tax)	6,541,211	1,520,616	4,649,025
Cost of sales	4,656,450	1,010,361	7,329,654
Gross margin	1,884,761	510,255	(2,680,629)
General and administrative expenses	5,160,498	4,179,758	(420,566)
Other income (expenses)	8,552,812	38,750	(41,433,121)
Comprehensive income (loss)	6,257,213	(3,211,082)	(42,685,990)

Q1 2022 Financial Highlights

- For the quarter ended January 31, 2022, the Company reported gross revenue of \$9,596,141, an increase of \$7,419,888 as compared to gross revenue of \$1,827,273 for the quarter ended January 31, 2021, representing an increase of over 400%. The increase in gross revenue was a result of the Company having fully transitioned to branded provincial sales, increased national distribution, and increased SKU penetration.

- Cost of sales for the three months ended January 31, 2022 was \$4,656,450, an increase of \$3,646,089, compared to \$1,010,361 for the three months ended January 31, 2021. The increase in cost of sales was a result of increased sales activity.
- For the quarter ended January 31, 2022, the Company recorded a comprehensive income of \$6,257,213 or \$0.01 income per share compared to a comprehensive loss of \$3,211,082 or \$0.01 loss per share for the three months ended January 31, 2021. The decrease in losses during this period was attributable to one primary factor which was non-cash related. In accordance with the accounting policies, the Company recorded a gain of \$8,498,429 as a result the change in fair market value between share price used for the Premium 5 milestone payment and the current share price at the time of award. This gain was offset by a loss on derivative liabilities primarily by the convertible warrant revaluation and interest expense.

Q1 2022 Growth, Operational, and Corporate Highlights¹

- Strong sales growth throughout the first quarter reflects Heritage's growing market share, which is related to the Company's introduction of new and expanded product lines and additional distribution channels. Heritage now ranks #17 in recreational sales for Canadian cannabis companies, and Q1 2022 was the fourth sequential quarter with sales growth in excess of 25% on a quarter over quarter basis. As sales momentum builds, the Company remains focused on increasing margins and cost containment. Spending and capital expenditures by Heritage are measured by their expected return on investment and ability to generate near-term revenues.
- Heritage continues to command a large market share of concentrate products, now ranking #1 in recreational sales, up from #2 in Q1 2022. The Company's RAD brand now ranks #24 out of over 500 brands across the country after only being in market just over a year and continues to show exceptional traction in all markets where it is currently offered. Recent concentrate launches in Ontario have been extremely successful and have prompted a significant increase in the size of purchase orders by the Ontario Cannabis Store. Excluding hash, Heritage currently has the #1 and #2 best performing products in the concentrates category in Ontario.
- Heritage is continuing the rollout of new dried flower and pre-roll products across the country. In 2021, Heritage launched ten pre rolls and six flower SKUs in multiple provinces with encouraging provincial orders, and in this short time frame Heritage already ranks #25 in sales of pre-rolls, and #45 in sales of flower. Heritage continues to add new products including infused pre-rolls and blunts to the flower category, and with growing popularity is expected to take an increasing share of the largest cannabis product segment in the Canadian market.
- In January 2022, Heritage announced that Spectrum Therapeutics ("Spectrum"), one of Canada's largest online medical cannabis platforms, is now offering Heritage products including products from popular Heritage brands RAD, Premium 5, and CB4, which are the first third-party cannabis extract and concentrate offerings on the platform. Additionally, Heritage announced the upcoming launch of nine new products that will be available in the Ontario cannabis market through the Ontario Cannabis Store ("OCS") and retailers in the province. New products include two infused pre-rolls, three concentrates, one pre-roll, two vape cartridges, and one flower product. Under a recent call for new products, Heritage submitted unique and innovative products for consideration by the

¹ Rankings sourced from Headset Data

OCS, seventeen of which were accepted and will be available this Summer.

- In November 2021, Heritage signed a definitive white label agreement (the "Agreement") with BRNT Ltd. ("BRNT"), an Alberta based brand house and cannabis ancillary company that launched one of the top performing dried flower and pre-roll brands in Alberta, Violet Tourist. Under the Agreement, the Company along with BRNT, is launching a Violet Tourist branded cannabis infused pre-roll and concentrate into Ontario. Over the course of the agreement, Heritage will aim to expand distribution of the brand across Canada and further add to its associated SKU listings in cannabis 2.0 segments. Terms of the agreement provide Heritage with control of procurement & supply chain and effectively grants Heritage rights to fully operate the proven Alberta brand.
- Heritage has made significant progress on the licensed manufacturing facility build-out in support of the relationship with 3Fifteen Primo Cannabis in the state of Missouri. The Heritage team has progressed with establishing the biomass supply chain and is in the process of training staff for the facility. Production is expected to begin in Q3, with revenue from the sale of branded products to medical cannabis consumers in Missouri following shortly after. Recreational legalization has also been added to the ballot and could be legalized as early as October.

Financial Statements

The consolidated financial statements of the Company as at and for the three months ended January 31, 2022 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 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., the CB4 suite of medical products in Canada and ArthroCBD in the U.S.

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

"David Schwede"

David Schwede

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, 2021, and dated May 10, 2022. 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.