



## Heritage Cannabis Reports Q2 2022 Financial Results

**Toronto, ON, June 28, 2022** – [Heritage Cannabis Holdings Corp.](#) (CSE: CANN) (OTCQX: HERTF) (“**Heritage**” or the “**Company**”), today announced its financial results as at and for the three- and six-month periods ended April 30, 2022 (“**Q2 2022**”). All figures are in Canadian dollars unless otherwise noted.

“We are excited to release these financials which show us reaching cash-flow positive territory ahead of schedule. The Heritage team continues to deliver on product innovation, distribution, and new revenue channels which has been a driving force to allow us to reach our targets - a major achievement during the recent choppy markets - and we remain focused on building a strong platform that can both generate top-line growth without sacrificing strong business fundamentals,” said David Schwede, CEO of Heritage. “We have signalled our drive to success over the past year, and with our continued solid execution of our business strategy we have crossed an important milestone ahead of our committed timeframe. Our total gross revenue for the first half of this year is up over 210% from the same time a year ago – a strong signal of what is ahead for Heritage and our innovative, in-demand products.”

### Selected Financial Highlights

Selected financial highlights for the three- and six-month periods ended April 30, 2022 include the following:

<i>(in \$CDN)</i>	Three months ended		Six months ended	
	April 30, 2022	April 30, 2021	April 30, 2022	April 30, 2021
	\$	\$	\$	\$
Gross revenue	10,452,313	4,604,798	20,048,454	6,432,071
Net revenue (net of excise tax)	7,491,184	3,575,175	14,032,395	5,095,791
Cost of sales	4,306,378	2,083,913	8,962,828	3,094,274
Gross margin	3,184,806	1,491,262	5,069,567	2,001,517
General and administrative expenses	4,084,500	6,379,173	9,244,998	10,558,931
Other Income (Expenses)	(185,513)	(641,651)	8,367,299	(602,901)
Comprehensive Income (Loss)	(500,614)	(5,151,011)	5,756,599	(8,362,093)

### Q2 2022 Financial Highlights

- The Company reported gross revenue of \$10,452,313 for the three months ended April 30, 2022, an increase of \$5,847,515 compared to gross revenue of \$4,604,798 for the three months ended April 30, 2021, representing an increase of 127%. The growth was driven by a continued increase in the Company’s vape and concentrate offerings as well as the launch of the flower vertical. The increase from the prior year is a direct result of increasing our listings from 70 to over 300 in the current period as well as growing distribution from a few provinces to coast to coast nationally.

- For the six-month period ended April 30, 2022, the Company recorded gross revenue of \$20,048,454 an increase of \$13,616,383 compared to gross revenue of \$6,432,071 for the six months ended April 30, 2021, representing an increase of over 212%. The increase in gross revenue was the result of the Company being fully transitioned to branded provincial sales and as a result of an increase in sales across all of its product verticals. Provincial listings increased dramatically over the latest six-month period and the prior period included a period before the Premium 5 acquisition.
- Cost of sales for the three months ended April 30, 2022 was \$4,306,378, an increase of \$2,222,465, compared to \$2,083,913 for the three months ended April 30, 2021. Cost of sales increased as a result of increased sales but decreased on a percentage of sales basis as a result of improved biomass purchasing and improved operational efficiencies.
- Cost of sales for the six months ended April 30, 2022 was \$8,962,828, an increase of \$5,868,554, compared to \$3,094,274 for the six months ended April 30, 2021. Cost of sales increased as a function of the increased sales results previously discussed.
- For the three months ended April 30, 2022, the Company recorded a comprehensive loss of \$500,614 or nil per share compared to a comprehensive loss of \$5,151,011 or \$0.01 loss per share for the three months ended April 30, 2021. The improvement over the prior period was due to gross margin gains and the cost management in general and administrative expenses combined with a \$410,000 unrealized decrease in loss on contingent payables.
- For the six months ended April 30, 2022, the Company recorded a comprehensive income of \$5,756,599 or \$0.01 income per share compared to a comprehensive loss of \$8,362,093 or \$0.01 loss per share for the six months ended April 30, 2021. The decrease in loss was primarily attributable to a non-cash accounting policy-related gain of \$8,571,429 due to the change in fair market value between the share price used for the Premium 5 first milestone payment and the current share price at the time of award combined with the improvements in the operating business noted above.

## **Q2 2022 Growth, Operational, and Corporate Highlights<sup>1</sup>**

- The second quarter of 2022 continued to see growing sales across Heritage's portfolio of innovative products and expanded distribution channels, including the launch of Heritage products on two of the largest market share online medical platforms in Canada. 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. 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's products ranked first in recreational sales of concentrates in Canada, up from second in the first quarter, now having 15.2% of market share. RAD brand continues to show solid traction in all markets where they are currently offered. Recent vape sales have increased, with Heritage now ranking tenth across the country, and ranking fourth in the oils category with 7.5% market share.

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<sup>1</sup> Rankings sourced from Headset Data

- In 2021, Heritage launched pre roll and flower SKUs in multiple provinces with encouraging provincial orders. Already in a short time-frame, Heritage ranks #25 in pre-rolls and #45 in flower, according to Headset data. 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.
- Heritage continues to add new stock keeping units ("SKUs") across all provinces, with recent new product launches in Ontario, PEI, Nova Scotia and Newfoundland, and is participating in regular product calls. Heritage proactively manages its offerings to stay price competitive in all segments, while also delivering innovative products and new flavour profiles to keep up with consumer demands, and successfully win provincial product calls.
- On June 6, 2022, Heritage announced that it had signed a definitive agreement for the supply of its products to a major LP with one of the leading market share for sale on its medical platform. The major LP has completed its initial purchase of Heritage brands, including RAD, Premium 5, and CB4, and are now offering Heritage products on the platform with the first shipment of 12 stock keeping units ("SKUs") completed in May. The relationship will also encompass white labelling of some products based on Heritage's product quality, variety, consistency, industry proven technology and innovation.

### **Financial Statements**

The consolidated financial statements of the Company as at and for the three- and six-month periods ended April 30, 2022 and accompanying management's discussion and analysis have been filed with the securities regulators and are available on SEDAR at [www.sedar.com](http://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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*The Canadian Securities 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, 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.*