



Heritage Cannabis Reports First Quarter 2021 Financial Results

Toronto, ON, April 1, 2021 – [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, 2021 (“**Q1 2021**”). All figures are in Canadian dollars unless otherwise noted.

“As we have stated previously, first quarter results do not include the positive impacts of the Premium 5 acquisition given the transaction closed at the end of the quarter, nor does it include results from our initial medical launch which will begin later this month,” stated Clint Sharples, Chief Executive Officer of Heritage. “As we move forward, we expect to see continued acceleration in both our medical and recreational product divisions with the addition of Premium 5 starting to have a material effect in Canada. Additionally, with our imminent launch in the multi-billion dollar U.S. market, and continued growth from our Pura Vida and Purefarma brands we expect to be well positioned to drive further positive results and shareholder value.”

Selected financial highlights for the three-month periods ended January 31, 2021, January 31, 2020, and October 31, 2020 include the following:

<i>(in \$CDN)</i>	<u>Three months</u> <u>ended January 31,</u> <u>2021</u>		<u>Three months</u> <u>ended January 31,</u> <u>2020</u>		<u>Three months</u> <u>ended October 31,</u> <u>2020</u>	
Gross Revenue	\$	1,827,273	\$	4,008,395	\$	1,500,750
Net Revenue	\$	1,520,616	\$	3,631,582	\$	1,429,973
Cost of Sales	\$	1,010,361	\$	2,248,806	\$	298,214
Gross Margin	\$	510,255	\$	1,382,776	\$	1,131,759
General and Administrative Expenses ¹	\$	4,179,758	\$	2,902,612 ¹	\$	510,188
Other Income (Expenses)	\$	38,750	\$	(424,983)	\$	(5,017,017)
Comprehensive Income (Loss)	\$	(3,211,082)	\$	(2,018,266)	\$	(4,745,405)

¹ Restated to agree with current period presentation.

Q1 2021 Financial Highlights

- The Company reported gross revenue of \$1,827,273 for the three-month period ended January 31, 2021, a decrease of \$2,181,122 compared to the same three-month period in fiscal 2020. The decline in gross revenue was the result of the transition from primarily third-party contracts to branded sales to the provincial boards. The Company began selling its branded products to the provincial boards part way through the fourth quarter of 2020.

- Cost of sales for the three-month period ended January 31, 2021 was \$1,010,361 resulting in a gross margin on sales of \$510,255 compared to gross margin of \$1,382,776 for the three-month period ended January 31, 2020. The decline in gross margin was the result of the above mentioned continuing transition from primarily third-party contracts to branded sales to the provincial boards.
- For the three-month period ended January 31, 2021, the Company recorded a comprehensive loss of \$3,211,082 or \$0.01 loss per share compared to a comprehensive loss of \$2,018,266 or \$0.01 loss per share for the three-month period ended January 31, 2020.

Q1 2021 Growth, Operational, and Corporate Highlights

- On November 2, 2020 the Company announced it received its first order for products from Weed Pool Cannabis Co-operative ("Weed Pool") in the Province of Saskatchewan. Weed Pool is a co-operative of independently-owned Saskatchewan cannabis retailers representing more than 50% of licensed cannabis sales in the province. It is a cannabis wholesaler licensed by the Saskatchewan Liquor and Gaming Authority ("SLGA") focused on collectively sourcing cannabis products for its members and other retailers in Saskatchewan. With over 60% of licensed cannabis retailers in Saskatchewan comprised of independent stores, Weed Pool offers all Heritage products efficient access across their retail distribution network, and provides retailers with products and pricing for which they may not otherwise have access.
- On November 18, 2020, the Company announced that it signed an agreement with Alberta Gaming, Liquor & Cannabis ("AGLC") to sell Heritage products in Alberta, and on December 14, 2020 received the first order from the province. Products ordered include all seven vape cartridge products offered by Heritage including Pura Vida CBD 4:1 Honey Oil, and Indica, Sativa and Hybrid Honey Oil vape cartridges, as well as Purefarma Moon, Sun and CBD Earth vape cartridges.
- On December 11, 2020, the Company announced that it accepted the resignation of its auditor MNP LLP ("Former Auditor") as of December 8, 2020 and that the board of directors of the Company appointed Davidson & Company LLP ("Successor Auditor") as the Company's auditor effective December 8, 2020. There were no reservations or modified opinions in the Former Auditor's audit reports for the Company. There are no "reportable events" (as the term is defined in National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102")) between the Company and the Former Auditor. In accordance with NI 51-102, the notice of change of auditor, together with the required letters from the Former Auditor and the Successor Auditor, were reviewed by the board of directors of the Company and filed on SEDAR.
- On December 15, 2020, the Company announced that it entered into an arrangement with CannaBR Exports Corp ("CannaBR"), a Brazilian focused pharmaceutical CBD product importation and distribution company, for the distribution and sale of bulk CBD products to the Brazilian cannabis market. Heritage, in conjunction with CannaBR, is focused on filing and achieving approvals from the Brazil Health Authority (ANVISA) to distribute and sell bulk CBD products in Brazil and is currently in advanced stages of product stability testing to meet ANVISA's requirements. Further, through the arrangement, Heritage established contracts with minimum order quantities agreed to by both parties to deliver CBD products in bulk to CannaBR's large distribution network in Brazil with the option to establish long-term distribution contracts. Upon satisfying product stability testing requirements under ANVISA, in addition to the minimum order contracts currently in place with CannaBR, the Company will commence final negotiations to secure a long-term sales agreement for a 5 year term with a 5 year extension.
- On December 23, 2020, Heritage announced that it entered into a definitive agreement (the "Agreement") to acquire all of the issued and outstanding securities of Premium 5 Ltd. ("Premium

5”), a Canada-based recreational and medical cannabis company that creates high-quality full spectrum concentrates under the brand Premium 5. Premium 5 is a leader in developing and launching products, proven by successfully introducing one of the first hydrocarbon products in the Canadian recreational and medical markets as well as becoming the first to launch live resin vapes. Premium 5 offers a wide range of high-quality products that encompass premium, core, and value priced brands in both the recreational and medical markets, creating a leading portfolio of products in the Cannabis 2.0 space focused on derivative concentrates. It is best known for its namesake brand – Premium 5 in the premium hydrocarbon and solventless concentrates category, as well as the newly launched RAD value brand in the value hydrocarbon concentrate, flower and distillate vape categories. Premium 5 has entered nine of the 13 provincial and territorial recreational markets including the three largest, Ontario, Alberta and British Columbia and have strong product listings on the two leading medical platforms; Shelter Market and Shoppers Drug Mart’s online cannabis platform. Premium 5 has a strong product development pipeline with a focus on innovation and quality. With the acquisition, Heritage realizes immediate coast to coast sales, strong margins with an opportunity to drive additional synergies, an increased focus on execution and speed-to-market, and a strong product development pipeline. The acquisition was completed on January 26, 2021, and as consideration for the acquisition, the Company issued 150,000,000 Heritage common shares. The Company will issue additional Heritage common shares upon achieving a series of revenue milestones and maintaining minimum gross margin objectives over 24 months. The Company is currently assessing its accounting treatment of the acquisition, including the evaluation and fair value measurement of consideration paid, assets acquired, and liabilities assumed.

- On January 7, 2021, the Company announced that it executed a definitive supply agreement with IntelGenx Corp. ("IntelGenx") for the manufacturing and supply of filmstrip products containing 10 mg of CBD using IntelGenx’s VersaFilm® technology (“CBD Filmstrips”) for the Canadian and Australian markets. Under the Agreement, Heritage placed its first purchase order for 50,000 CBD Filmstrips that will be sold in select provincial retailers and the direct-to-consumer medical channel in Canada. The CBD Filmstrips will be formulated with both CBD and CBDA as CBDA has shown more potent activity at 5-HT1A (serotonin) receptors in published studies. The CBD Filmstrips, which dissolve orally, are meant to enable better and faster absorption than oral tinctures and capsules. IntelGenx expects to make its first shipment of product to Heritage in the second quarter of 2021. Pursuant to the Agreement, Heritage is supplying CBD material for IntelGenx’s filmstrip manufacture and supply in Canada and Australia on a non- and semi-exclusive basis, respectively. The CBD Filmstrips are being produced at IntelGenx’s manufacturing facility under Canadian GPP conditions and are registered as a product for sale with Health Canada as a cannabis product governed by the Cannabis Act and with the Australian Department of Health’s Therapeutic Goods Administration as a medicinal cannabis product governed by the Narcotic Drugs Act.
- On January 11, 2021, the Company announced the launch of Premium 5 brand RAD, a new value brand dedicated to providing cannabis concentrate/extract consumers with affordable products while still maintaining the highest quality standard possible. The variety of different product formats seek to appeal to the unique needs and preferences of all types of cannabis consumers. High prices have been a regular consumer complaint after Canada legalized recreational cannabis in 2018. Although the legal market has continued to grow, the legacy market still owns a significant percentage of cannabis sales in the country. For consumers, there is an uncertainty surrounding the ingredients and additives in products that are purchased from the legacy market that could potentially be harmful. RAD is committed to attracting consumers to the benefits of regulated and tested products through legacy-competitive pricing and in the interest of public health and safety.

- On January 19, 2021, the Company announced that its subsidiary CannaCure entered into a binding letter of intent with Entourage Participações S.A. ("Entourage Phytolab") for a three-year extraction and finished product supply agreement for the distribution of pharmaceutical products in Brazil. Under the terms of the Agreement, Heritage will supply to Entourage Phytolab, hemp-derived CBD dominant extract, cannabis-derived THC dominant extract, and hemp-derived CBD 25 mg softgels and cannabis-derived THC dominant 2.5 and 5.0 mg softgels. As part of the long-term agreement, CannaCure will be providing cannabis and hemp products to be used strictly for pharmaceutical products that comply with regulations issued by the Brazil Health Authority (Anvisa), which include GMP certification and GMP compliant products. CannaCure is currently in the process of obtaining GMP certification. CannaCure will supply initial products for Entourage Phytolab's formulation and research and development purposes, with commercial orders delivered following CannaCure receiving EU GMP certification estimated in the latter half of 2021. CannaCure and Entourage Phytolab have established minimum order quantities mutually agreed to by both parties.
- On January 29, 2021, the Company announced that it received the first order from the Ontario Cannabis Store ("OCS") to sell its Purefarma and Pura Vida branded products in the province. With these orders, Heritage now has three brands available in Ontario, as the newly acquired Premium 5 brand has been available at the OCS since early December 2020. The OCS is carrying Pura Vida's DayBreak Sativa Honey Oil Drops and NightFall Indica Honey Oil Drops, as well as Purefarma's Hemplixir 30 CBD Oil and 15:15 Balance CBD Oil. These brands are also available for purchase in British Columbia, Alberta, Saskatchewan, and Manitoba, as well as across Canada via medical access at www.patient-choice.com.

Financial Statements

The consolidated financial statements of the Company as at and for the three month period ended January 31, 2021 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 is a cannabinoid company focused on the production and sale of medical and recreational hemp-based and cannabis-based products and services. In Canada, Heritage operates through its subsidiaries Voyage Cannabis Corp. and CannaCure Corp., both regulated under the Cannabis Act Regulations. Working under these subsidiaries and the Purefarma, Pura Vida, Premium 5, RAD and feelgood. brands, Heritage focuses on extraction and the creation of derivative products for recreational consumers, as well as the formulation of cannabis based medical solutions. In the U.S., Heritage operates under Opticann Inc., a Colorado based oral and topical cannabinoid company with the rights to exclusively sell CBD and CBG products made with the patented VESIsorb® drug delivery system for optimized absorption and stability. As the parent company, Heritage is focused on providing the resources for its subsidiaries to advance their products or services to compete both domestically and internationally.

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

"Clint Sharples"

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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, 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.