



Charlotte's Web Holdings, Inc. Reports Preliminary 2019 Q1 Results, Surpasses 6,000 Retail Doors, Maintains 2019 Revenue Guidance

Boulder, Colorado, May 8, 2019 – Charlotte's Web Holdings, Inc. ("Charlotte's Web" or the "Company") (CSE:CWEB, OTCQX:CWBHF), the market share leader in hemp-derived CBD extract products, today reported certain preliminary financial results for the first quarter ended March 31, 2019. All amounts are expressed in United States dollars. Certain metrics, including those expressed on an adjusted basis, are non-IFRS measures.

First Quarter 2019 Preliminary Financial Highlights (Approximate)

- Organic consolidated revenue of \$21M - \$22M
- 50% from e-commerce sales
- Gross Margin in a range of 70% to 75%
- Adjusted EBITDA¹ between \$4.0M to \$4.5M, or approximately 20%
- Net Income between \$2.0-\$2.5M
- Retail doors have surpassed 6,000 at May 8, 2019
- Doubling hemp acreage planting for 2019

U.S. \$ millions	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Total revenue	\$21-\$22 (Est.)	\$ 21.5	\$ 17.7	\$ 17.2	\$ 13.1	\$ 12.5	\$ 11.3	\$ 9.1	\$ 7.1

"There is a lot of excitement surrounding the CBD wellness space today and we are issuing our preliminary first quarter results in the interest of transparency and to ensure alignment of shareholder expectations in terms of growth rates," said Hess Moallem, President and CEO of Charlotte's Web Holdings Inc. "First quarter sales increased approximately 70% year-over-year within the range of our expectations. Our sales volumes increase monthly and March closed with record sales of approximately \$8 million for the month. Our revenue guidance for 2019 remains at between \$120 million and \$170 million for 2019. Where our final 2019 annual sales figure lands in this range will be determined primarily by the roll-out pace with national retailers, their associated SKU uptake, and associated in-store sales velocities. E-Commerce sales rates through both our online store and third-party e-commerce platforms will be the other primary factor along with the success and traction of new products and categories we will be introducing this year."

While quarterly results vary, on an annualized basis management anticipates gross margins and adjusted EBITDA to generally be within the ranges of 70% to 75% and 30% to 35% of revenue respectively for 2019, in line with its historical norms. The low or high end of gross margin ranges is primarily determined by the relative sales channel revenue mix for the period between e-commerce sales versus traditional bricks & mortar retail doors. Approximately 50% of Q1-2019 revenue was from e-commerce.



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The first quarter of 2019 commenced shortly after the successful passing of the 2018 Farm Bill by U.S. Congress on December 22, 2018. The Farm Bill provided clarity for the hemp industry and was an important milestone to increasing buy-in from national brand retailers and consumers in general. Charlotte's Web is now shipping to four national brand grocery and drugstore retailers, initially taking select products to select stores in specific states. The Company expects additional stores and states to be added throughout 2019 and 2020 but has not yet been given specific timing or volumes from all its retail partners. Currently three of the four national accounts are exclusively carrying topical products.

"We view these national accounts as big wins for Charlotte's Web," said Mr. Moallem. "Though they are entering the category slowly, these accounts are expected to transition from pilot sites to broader rollouts with expanded offerings in the future, and we have prepared ourselves in order to support these valued partners, including the introduction of new products across the consumable, topical and pet categories. This is very encouraging for our long-term outlook."

As of May 8, 2019, Charlotte's Web has surpassed 6,000 retail locations across the United States as consumer awareness and retailer interest surrounding hemp and CBD has reached all-time highs. More than 2,300 new retail doors were added since the start of the year - more than in all of 2018 - significantly expanding the Company's physical brick and mortar retail reach.

To support this growing consumer and retailer demand, the Company is doubling the number of acres planted for 2019. "We planted 300 acres of hemp in 2018 and harvested 675,000 pounds of raw hemp compared to 63,000 pounds in 2017. For the 2019 season we are doubling the acres planted to ensure we will have the volumes required to meet anticipated demand through 2020 and into 2021. We share in the market's enthusiasm and are confident in our long-term opportunity to increase our brand and market leadership position," added Mr. Moallem.

Note to Reader

These preliminary, unaudited financial estimates contained in this press release are based on information available to management as of the date of this press release, remain subject to the completion of normal quarter-end accounting procedures and adjustments, and are subject to change. Charlotte's Web's independent registered public accounting firm has not completed its review of the results for the quarter ended March 31, 2019. Charlotte's Web undertakes no obligation to update the information in this press release in the event facts or circumstances change after the date of this press release.

Charlotte's Web plans to release its financial results for the first quarter in late May 2019. An earnings date and conference call notice will be announced in May when the Q1 reporting date is finalized.

About Charlotte's Web Holdings, Inc.

Charlotte's Web Holdings, Inc. is the market leader in the production and distribution of innovative hemp-derived cannabidiol ("CBD") wellness products. Founded by the Stanley Brothers, the Company's premium quality products start with proprietary hemp genetics that are responsibly manufactured into hemp-derived CBD extracts naturally containing a full spectrum of phytocannabinoids, including CBD, terpenes, flavonoids and other beneficial hemp compounds. Industrial hemp products are non-intoxicating. Charlotte's Web product categories include [CBD Oil tinctures](#) (liquid products), [CBD capsules](#), [CBD topicals](#), as well as [CBD pet products](#). Charlotte's



Web hemp-derived CBD extracts are sold through select distributors, brick and mortar retailers, and online through the Company's website at www.CharlottesWeb.com. The rate the Company pays for agricultural products reflects a fair and sustainable rate driving higher quality yield, encouraging good farming practices, and supporting U.S. farming communities.

Charlotte's Web is a socially conscious company and is committed to using business as a force for good and a catalyst for innovation. The Company weighs sound business decisions with consideration for how its efforts affect its employees, customers, the environment, and the communities where its employees live and where it does business, while maximizing profits and strengthening its brands. The Company's management believes that socially oriented actions have a positive impact on the Company, its employees and its shareholders. Charlotte's Web donates a portion of its pre-tax earnings to charitable organizations.

Shares of Charlotte's Web trade on the Canadian Securities Exchange under the symbol "CWEB" and in the United States on the OTCQX under the symbol "CWBHF". As at March 31, 2019 Charlotte's Web has 25,375,294 Common Shares outstanding and 169,696.18 Proportionate Voting Shares convertible at 400:1, for an effective equivalent of 93,253,766 Common Shares outstanding

¹ Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) is not a recognized performance measure under IFRS. The term EBITDA consists of net income (loss) and excludes interest (financing costs), taxes and depreciation. Adjusted EBITDA also excludes share-based compensation, IPO related costs, impairment of assets and adjustments for fair valuing of biological assets. Adjusted EBITDA is included as a supplemental disclosure because Management believes that such measurement provides a better assessment of the Company's operations on a continuing basis by eliminating certain non-cash charges and charges or gains that are nonrecurring. The most directly comparable measure to adjusted EBITDA calculated in accordance with IFRS is net income (loss). The following is a reconciliation of the Company's net income (loss) to Adjusted EBITDA.

Forward-Looking Information

This press release may contain forward-looking information within the meaning of applicable securities legislation. In the interest of providing the shareholders and potential investors of Charlotte's Web Holdings, Inc. with information about the Company and its subsidiaries, including management's assessment of the Company and its subsidiaries' future plans and operations, certain information provided in this press release constitutes forward-looking statements or information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "may", "will", "should", "could", "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Although these forward-looking statements are based on assumptions the Company considers to be reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The forward-looking information contained in this press release is based on certain assumptions and analysis by management of the Company in light of its experience and perception of historical trends, current conditions and expected future development and other factors that it believes are appropriate.

The Company's forward-looking statements are subject to risks and uncertainties pertaining to, among other things, revenue fluctuations, nature of government regulations, economic conditions, loss of key customers, retention and availability of executive talent, competing products, common share price volatility, loss of proprietary information, product acceptance, internet and system infrastructure functionality, information technology security, cash available to fund operations, availability of capital and, international and political considerations, including but not limited to those risks and uncertainties discussed under the heading "Risk Factors" in the MD&A and the Company's other filings with securities regulators. The impact of any one risk, uncertainty, or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent, and the Company's future course of action depends on



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Management's assessment of all information available at the relevant time. Except to the extent required by law, the Company assumes no obligation to publicly update or revise any forward-looking statements made in this press release, whether as a result of new information, future events, or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements.

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