



**NEWS RELEASE**

**Golden Leaf Reports Record 2020 Revenues of \$21.9 Million and First Adjusted EBITDA<sup>1</sup> Positive Quarter**

***Six months of positive cash flow from operations. Turnaround complete and focused on growth and optimization.***

**Portland, OR – April 27, 2021** – Golden Leaf Holdings Ltd. (CSE:GLH) (OTCQB:GLDFF) (“Golden Leaf” or the “Company”), operating as Chalice Brands, a premier, consumer-driven cannabis company specializing in retail, production, processing, wholesale, and distribution, today announces its results for the fourth quarter 2020 and the year ended December 31, 2020.

**2020 Financial Highlights:**

- Record total revenue of US\$21.9 million for FY 2020, a 39% year-over-year increase compared to \$15.8 million for FY 2019.
- Record year-over-year revenues for the fourth quarter of 2020 of \$5.5 million, a 53% increase compared to the fourth quarter of 2019.
- Fourth quarter of 2020 was the Company’s first ever adjusted EBITDA<sup>1</sup> positive quarter of approximately \$342,000.
- For the six months ended December 31, 2020 adjusted EBITDA<sup>1</sup> was approximately \$170,000 and cash flow from operations was approximately \$420,000.
- Gross profit for 2020 of \$6.8M or 31% gross margin compared to \$4.3M at a 27% gross margin in 2019. Gross margin improvements were accomplished as a result of facility consolidations, headcount rationalization, and improved vertical product contribution.

**2020 Accomplishments:**

- Galvanized a world-class management team to succeed and grow despite a global pandemic, social unrest and once in a generation Oregon wildfire activity.
- Leveraged the Chalice reputation in the Oregon marketplace and cannabis community to earn exceptional purchasing terms for the Company’s retail stores.
- Restructured and optimized the Bald Peak grow facility and hired a six-time award winning Director of Cultivation. Kicked off in-house breeding program focused on creating unique strains to serve both new and seasoned consumers.
- Created an innovative and non-traditional approach to vendor partnerships and collaborative marketing by building out a true omni-channel advertising plan, collaborative discount programs, participation in the Chalice Farms Magazine and more.
- Restructured the balance sheet with the modification of the Chalice Farms earn-out, resulting in a reduction in forward cash obligations of \$2.5M and a manageable payment schedule for the remaining cash obligations over 60 months commencing May 2022.



### **Subsequent Events:**

- On January 21, 2021 the Company announced it received unanimous consent from holders of its convertible debentures due November 16, 2021 to extend the term one year to November 16, 2022 and to reprice the conversion features from C\$0.30 to US\$0.06.
- During the first quarter the Company closed on total gross proceeds of US\$13.7 million in non-brokered private placement transactions to be used to fund the acquisition of its previously announced retail store acquisition.
- On February 26, 2021 the Company announced a letter of intent to acquire a retail store chain in the Northwest. Target close expected by end of April.
- C\$3.7M of convertible debentures converted to equity during the first quarter of 2021, reducing balance outstanding to C\$4.4M.
- On April 8, 2021 the Company announced its 80% acquisition of CBD skincare brand Fifth & Root.

Jeff Yapp, Chief Executive Officer of Golden Leaf Holdings, commented, “2020 was the culmination of the transition we began in 2019. We set a course for positive cash flow and achieved that goal with support from vendors, commitment of our staff, executives, and directors. We achieved positive cash flow in Q3 and Q4 and positive adjusted EBITDA in Q4 and with the inclusion of its recently announced retail acquisition, management expects that the Company can financially support operations moving forward.”

### **Fiscal Year 2020 Financial Results:**

For the year ended December 31, 2020 (“FY 2020”), total revenue was US\$21.9 million as compared to US\$15.8 million for the same twelve-month period in 2019 (“FY 2019”). The 39% year-over-year increase largely reflects improvements in Oregon operations.

Gross profit was \$6.8 million, or 31% of total revenue for FY 2020, compared with \$4.3 million or 27% of total revenue in FY 2019. FY 2020 gross margin increased largely due to cost control measures implemented early in the year, including facility consolidation and headcount reduction in operational areas as well as significantly increased contribution from vertically manufactured products in the Company’s retail revenues.

Operating expenses were \$12.3 million for FY 2020, compared with \$16.6 million in FY 2019, an improvement of US\$4.2 million, or 26%, driven largely by decreases in share-based compensation and general and administrative expenses. The reduction in operating expenses was due primarily to decreased salaries, wages and share-based compensation.

Adjusted EBITDA loss was \$1.4 million for FY 2020, compared with a loss of \$8.8 million for FY 2019. This measure is primarily driven by the increase in gross profit and the reduction in cash-based operating expenses. The Company considers Adjusted EBITDA an important operational measure for the business. For a reconciliation of Adjusted EBITDA to income (loss) before income taxes, please see the Company’s management discussion and analysis for FY 2020 (the “MD&A”).

Net loss from continuing operations for FY 2020 was \$10.0 million compared to \$32.6 million for FY 2019. This change of \$22.6 million is largely due to no impairments to goodwill and intangible assets in FY2020 (FY2019 - \$18.7 million) and improvement in operating income of \$6.7 million over the prior year.

“For years, we’ve been providing wellness-inspired cannabis products that feed the market’s growing demand for healthy, vegan, gluten-free, organic and locally-sourced oils, extracts and ingredients,”



continued Yapp. “While others play catch-up, we are optimizing and improving our commitment to deliver the highest quality cannabis product and experience.”

The Company’s annual audited financial statements for FY 2020 and related MD&A have been filed on SEDAR and are available for review.

<sup>1</sup>Adjusted EBITDA is defined by the Company as earnings before interest, taxes, depreciation and amortization, non-cash compensation expenses, one-time transaction fees and other non-cash charges that include impairments, start-up costs and extraordinary operational curtailment charges and excluding fair value changes related to biological assets.

### **Investor Conference Call**

Golden Leaf management, led by Mr. John Varghese, Executive Chairman and Mr. Jeff Yapp Chief Executive Officer, will hold a conference call on Tuesday April 27<sup>th</sup> at 4:30 ET, 2021, to report its financial results for the year ended December 31, 2020.

Dial-in information for the conference call is as follows:

Program Title: Golden Leaf Holdings - 2020 Fourth Quarter Earnings Call

Canada & US: 1-877-407-0784

International: 1-201-689-8560

Participants must request the Golden Leaf Holdings - 2020 Fourth Quarter Earnings Call

A live audio webcast will be available online on the Company’s website at [www.goldenleafholdings.com](http://www.goldenleafholdings.com) where it will be archived for one year.

An audio replay of the conference call will be available through midnight May 11, 2021 by dialing 1-844-512-2921 from the US or Canada, or 1-412-317-6671 from international locations. The conference ID: 13718945.

### **About Golden Leaf Holdings**

Golden Leaf Holdings is a premier consumer-driven cannabis company specializing in production, processing, wholesale, distribution and retail, with seven dispensaries in Portland, Oregon. The Company is committed to developing a dynamic portfolio built around the recognized brands of Chalice Farms, with a focus on health and wellness. GLH operates nationally through Fifth and Root and has operations in Oregon and California. Visit <http://www.glhmonthly.com> for regular updates.

### **Investor Relations:**

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*Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.*



*Disclaimer: This press release contains “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Company’s future business operations, the opinions or beliefs of management and future business goals. Generally, forward looking information 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 state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking information is 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 forward-looking information. These risks include but are not limited to general business, economic and competitive uncertainties, regulatory risks, market risks, risks inherent in manufacturing and retail operations such as unforeseen costs and production shutdowns, difficulties in maintaining brand loyalty, and other risks of the cannabis industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information. Forward-looking information is provided herein for the purpose of presenting information about management’s current expectations relating to the future and readers are cautioned that such information may not be appropriate for other purpose. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. This press release does not constitute an offer of securities for sale in the United States, and such securities may not be offered or sold in the United States absent registration or an exemption from registration or an exemption from registration.*



Consolidated Statements of Financial Position  
As at December 31, 2020 and December 31, 2019  
(Expressed in U.S. dollars)

		December 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash		\$ 905,149	\$ 3,531,202
Accounts receivable	Note 8	108,308	167,178
Other receivables	Note 8	1,393,903	447,901
Notes receivable	Note 7	919,488	-
Income tax recoverable		-	74,034
Sales tax recoverable		89,033	271,866
Biological assets	Note 9	455,045	88,078
Inventory	Note 9	2,304,501	2,965,304
Prepaid expenses and deposits		555,597	325,329
<b>Total current assets</b>		<b>6,731,024</b>	<b>7,870,892</b>
Property, plant and equipment	Note 10	2,361,357	3,723,489
Notes receivable	Note 7	-	919,488
Right-of-use assets, net	Note 11	4,132,035	4,333,064
Intangible assets	Note 12	10,737,423	10,737,423
Goodwill	Note 12	4,056,172	4,056,172
<b>Total assets</b>		<b>\$ 28,018,011</b>	<b>\$ 31,640,528</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities		\$ 3,404,425	\$ 1,564,982
Interest payable		28,100	125,900
Income taxes payable	Note 24	1,003,604	-
Deferred income tax payable	Note 24	55,039	248,852
Sales tax payable		217,789	187,520
Current portion of long-term debt	Note 14	22,171	82,404
Notes payable	Note 13	119,533	-
Convertible debentures carried at fair value	Note 13	5,575,273	-
Lease liability	Note 14	949,496	843,238
<b>Total current liabilities</b>		<b>11,375,430</b>	<b>3,052,896</b>
Long-term debt	Note 14	134,675	29,952
Long-term lease liability	Note 14	4,372,395	4,090,806
Convertible debentures carried at fair value	Note 13	-	4,706,141
Consideration payable - cash portion	Note 14	1,824,533	4,218,866
Consideration payable - equity portion	Note 14	4,838,780	4,940,667
<b>Total liabilities</b>		<b>22,545,813</b>	<b>21,039,328</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	Note 15	149,754,502	147,763,499
Warrant reserve	Note 16	1,079	1,980,217
Share option reserve	Note 17	4,070,474	4,181,350
Contributed surplus		2,329,997	59,940
Deficit		(150,683,854)	(143,383,806)
<b>Total shareholders' equity</b>		<b>5,472,198</b>	<b>10,601,200</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 28,018,011</b>	<b>\$ 31,640,528</b>



Consolidated Statements of Operations and Comprehensive Loss  
For the years ended December 31, 2020 and 2019  
(Expressed in U.S. dollars)

		For the years ended December 31,	
		2020	2019
<b>Revenues</b>			
Product sales	Note 23	\$ 20,611,519	\$ 15,649,539
Royalty and other revenue	Note 23	1,297,637	105,068
<b>Total Revenue</b>		<b>21,909,156</b>	<b>15,754,607</b>
<b>Expenses:</b>			
Inventory expensed to cost of sales	Note 9, 23	14,895,074	11,457,854
Gross margin, excluding fair value items		7,014,082	4,296,753
Fair value changes in biological assets included in inventory sold	Note 9, 23	(96,689)	-
Loss (gain) on changes in fair value of biological assets	Note 9, 23	353,059	(20,715)
<b>Gross profit</b>		<b>6,757,712</b>	<b>4,317,468</b>
General and administration		8,751,850	11,235,148
Share based compensation	Note 17	637,669	1,014,915
Sales and marketing		1,942,066	2,039,744
Depreciation and amortization	Note 10,11	1,011,315	2,287,023
<b>Total expenses</b>		<b>12,342,900</b>	<b>16,576,830</b>
<b>Loss before items noted below</b>		<b>(5,585,188)</b>	<b>(12,259,362)</b>
Interest expense	Note 13,14	2,282,335	2,712,092
Transaction costs		61,164	279,402
Loss on disposal of assets	Note 10	293,171	73,218
Other (income) loss		(70,784)	74,246
Impairment loss	Note 12	-	18,735,818
Gain on debt modification or extinguishment	Note 13	-	(2,290,163)
Gain on change in fair value of warrant liabilities		-	(605,481)
Loss on change in fair value of convertible debentures	Note 13	922,137	565,580
<b>Loss before income taxes</b>		<b>(9,073,211)</b>	<b>(31,804,074)</b>
Current income tax expense	Note 24	1,053,502	678,953
Deferred income tax expense (income)	Note 24	(97,903)	133,508
<b>Net loss from continuing operations</b>		<b>(10,028,810)</b>	<b>(32,616,535)</b>
Loss from discontinued operations	Note 7	-	(13,764,706)
<b>Net loss</b>		<b>(10,028,810)</b>	<b>(46,381,241)</b>
<b>Other comprehensive loss</b>			
Items that will be reclassified subsequently to profit or loss:			
Cumulative translation adjustment		-	125,930
<b>Comprehensive loss</b>		<b>\$ (10,028,810)</b>	<b>\$ (46,255,311)</b>
<b>Basic and diluted loss per share from continuing operations</b>		<b>\$ (0.01)</b>	<b>\$ (0.05)</b>
<b>Basic and diluted loss per share from discontinued operations</b>		<b>\$ -</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>		<b>873,783,951</b>	<b>671,893,137</b>



Adjusted EBITDA	For the three months ended		For the years ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Loss before income taxes	\$ (2,468,652)	\$ (22,554,480)	\$ (9,073,211)	\$ (31,804,074)
Adjustments:				
Net impact, fair value of biological assets	9,844	(20,715)	256,370	(20,715)
Depreciation and amortization	469,682	916,818	2,017,803	2,502,844
Fair value changes on debt and equity instruments	356,809	(2,195,295)	922,137	(2,330,064)
Share based compensation	372,876	529,269	637,669	1,014,915
Interest expense, net	833,226	668,417	2,282,335	2,712,092
Transaction costs	19,986	145,568	61,164	279,402
Start-up costs <sup>(1)</sup>	165,272	-	344,392	-
Nevada curtailment expenses and other <sup>(2)</sup>	700,143	-	977,026	-
Impairments and other	(102,813)	18,914,876	(70,784)	18,810,064
Loss on disposal	(14,529)	(24,023)	293,171	73,218
Adjusted EBITDA	\$ 341,844	\$ (3,619,565)	\$ (1,351,928)	\$ (8,762,318)

<sup>(1)</sup> Write-off of significant start up costs related to the Company's California business

<sup>(2)</sup> Losses experienced in Nevada due to unexpected shut down and facility abandonment due to COVID-19 and unexpected employment related settlements

*Adjusted EBITDA Disclaimer: Adjusted EBITDA is defined by the Company as earnings before interest, taxes, depreciation, amortization, non-cash compensation expenses, one-time transaction costs and other non-cash charges that include impairments. Adjusted EBITDA is a non-GAAP financial measure which does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. The Company considers this Adjusted EBITDA an important figure to show the true day to day operational picture of the business. It should not be considered in isolation as a substitute for measures of performance prepared in accordance with the IFRS.*