

HARVEST

Harvest Files Suit Against Falcon International, Inc.

PHOENIX, January 7, 2020 – [Harvest Health & Recreation Inc. \(CSE: HARV, OTCQX: HRVSE\)](#) (“**Harvest**”), a vertically integrated cannabis company with one of the largest and deepest footprints in the U.S., today announced that yesterday Harvest filed suit against Falcon International, Inc. (“**Falcon**”) requesting termination and rescission of the Merger Agreement (“**Transaction**”) and return of money Harvest paid to Falcon under the Merger Agreement. As detailed in the Complaint, filed in U.S. Federal Court, District of Arizona, Harvest alleges that Falcon has failed to meet its legal obligations in multiple ways, including the failure to provide auditable financial records, which precludes Harvest from moving forward with the Transaction.

While Harvest remains committed to the long-term potential of legal cannabis sales in California, current market conditions make it difficult to operate profitably there today. If the Transaction does not close for any reason, including those enumerated in the Complaint, the company plans to remove the contribution attributable to Falcon from its 2020 pro forma guidance. Harvest expects overall 2020 pro forma profitability would improve without the revenue contribution from Falcon.

About Harvest Health & Recreation Inc.

Headquartered in Tempe, Arizona, Harvest Health & Recreation Inc. is a multi-state cannabis operator (MSO) and vertically-integrated cannabis company. Subject to completion of announced acquisitions, Harvest will have one of the largest footprints in the U.S., with rights to operate more than 210 facilities, of which approximately 130 are retail locations, and more than 1,700 employees across 18 states and territories. Since 2011, the company has been committed to expanding its Harvest House of Cannabis retail and wholesale presence throughout the U.S., acquiring, creating and growing leading brands for patients and consumers nationally and continuing on a path of profitable growth. Harvest’s mission is to improve lives through the goodness of cannabis and is focused on its vision to become the most valuable cannabis company in the world. We hope you’ll join us on our journey: <https://harvesthoc.com>

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Forward-looking Statements

Investors are cautioned that forward-looking information is not based on historical facts but instead reflects Harvest management’s expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered

reasonable at the date the statements are made. Although Harvest believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the combined Company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: the ability of Harvest to develop Harvest's brand and meet its growth objectives, the ability of Harvest to complete planned acquisitions that are accretive to its revenue, the ability of Harvest to obtain and/or maintain licenses or other contractual rights to operate in the jurisdictions in which it operates or in which it expects or plans to operate; changes in general economic, business and political conditions, including changes in the financial markets; and in particular in the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; adverse changes in the public perception of cannabis; decreases in the prevailing prices for cannabis and cannabis products in the markets that the Company operates in; adverse changes in applicable laws; or adverse changes in the application or enforcement of current laws, including those related to taxation; the inability to locate and acquire suitable companies, properties and assets necessary to execute on the Company's business plans; and increasing costs of compliance with extensive government regulation. This forward-looking information may be affected by risks and uncertainties in the business of Harvest and market conditions.

Media Contact:

Alex Howe, Head of Corporate Communications
ahowe@harvestinc.com

Investor Contact:

Christine Hersey, Director of Investor Relations
chersey@harvestinc.com