

Harvest Converts Exercise Price of Select Warrants to U.S. Dollars

PHOENIX, July 1, 2021 -- [Harvest Health & Recreation Inc.](#) (“Harvest”) ([CSE: HARV](#), [OTCQX: HRVSF](#)), a vertically integrated cannabis company and multi-state operator in the U.S., today announced the terms of select issued and outstanding warrants have been amended to reflect the exercise price of such warrants in U.S. dollars. The U.S. dollar exercise price was determined using the U.S. dollar exchange rate published by the Bank of Canada on the original date of issuance of each of the warrants.

The warrants were originally issued in May 2019 in connection with a private placement of convertible debt, December 2019 in connection with a private placement of senior secured debt, October 2020 in connection with a bought deal offering, and December 2020 in connection with a private transaction with an investor. To affect the conversion of the exercise price of the warrants to U.S. dollars, Harvest has entered into (1) supplemental warrant indentures dated June 30, 2021 with Odyssey Trust Company, a warrant agent, with respect to the warrants issued in December 2019 and October 2020 and (2) amendments to certificated warrants for the warrants issued in May 2019 and December 2020, each dated June 30, 2021.

The conversion of the exercise price of the warrants to U.S. dollars was driven by the accounting treatment of warrants denominated in a different currency than the functional currency of Harvest. Warrants with an exercise price denominated in Canadian dollars are classified as derivative liabilities at fair value in Harvest’s financial statements in accordance with U.S. GAAP. Harvest believes the impact of fluctuations in fair value on financial statements is not reflective of Harvest’s underlying performance. Following the conversion of the exercise price to U.S. dollars, the warrants will be classified as equity. Harvest believes this change will allow the financial statements to provide greater transparency into its operating performance. Harvest anticipates taking a charge in the three-month period ending June 30, 2021 for the period up and until the conversion of the exercise price of the warrants to U.S. Dollars.

About Harvest Health & Recreation Inc.

Headquartered in Tempe, Arizona, Harvest Health & Recreation Inc. is a vertically integrated cannabis company and multi-state operator. Since 2011, Harvest has been committed to expanding its retail and wholesale presence throughout the U.S., acquiring, manufacturing, and selling cannabis products for patients and consumers in addition to providing services to retail dispensaries. Through organic license wins, service agreements, and targeted acquisitions, Harvest has assembled an operational footprint spanning multiple states in the U.S. Harvest’s mission is to improve lives through the goodness of cannabis. We hope you’ll join us on our journey: <https://harvesthoc.com>

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Forward-looking Statements

This press release may contain “forward-looking statements” regarding Harvest’s business strategies or prospects, which may be identified by the use of words such as, “may”, “would”, “could”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate”, “outlook” and other similar expressions. Such statements include, but are not limited to, the following: any estimated and required charges related to the warrant conversion under U.S. GAAP for the quarter ended June 30, 2021 or thereafter, our growth potential in our core cannabis markets, and the sustainability of such growth; our ability to successfully and timely execute our business and operational plans in such markets; statements regarding our proposed strategic business combination with Trulieve Cannabis Corp. (“Trulieve”), including without limitation, the expected terms, timing and closing of the combination, the timing and nature of all required regulatory approvals, estimates of pro-forma financial information of the combined company, Trulieve’s and Harvest’s expected financial performance for fiscal 2021, the combined operations and prospects of Trulieve and Harvest, and the current and projected market and growth opportunities for the combined company and value for shareholders; the development of favorable federal and state cannabis regulatory frameworks in the United States applicable to multi-state cannabis operators; and adverse changes in the public perception of cannabis. Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management in light of management’s experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, including assumptions in respect of current and future market conditions. Actual results, performance or achievement could differ materially from that expressed in, or implied.

Investor and Media Contact:

Christine Hersey, Director of Investor Relations

+1 (424) 202-0210

chersey@harvestinc.com