

# HARVEST

## Harvest Entities Reach Agreement with Pennsylvania Department of Health

August 16, 2019 – PHOENIX, Ariz. – [Harvest Health & Recreation, Inc. \(CSE: HARV, OTCQX: HRVSF\)](#) (“Harvest”), a vertically integrated cannabis company with one of the largest and deepest footprints in the U.S., today released the following response to the Harvest entities’ agreement with the Pennsylvania Department of Health.

On August 16<sup>th</sup>, after concluding negotiations with the Pennsylvania Department of Health, two of our affiliate companies, Harvest of Northwest PA, LLC and Harvest of North Central PA, LLC, will no longer pursue the permits granted to them. This means those entities will not pursue the operational status of their two already constructed facilities located in New Castle and Shamokin. Instead, the remaining Harvest affiliates will focus on the five permits they have been granted, which allows them to open up to 15 dispensaries across the Commonwealth.

On December 18<sup>th</sup>, 2018, six Harvest affiliates were each granted a dispensary permit by the Commonwealth of Pennsylvania. These six permits were each applied for through separate and distinct legal entities, each bearing some form of the Harvest name along with identical ownership and management for each entity. Each entity moved forward with recruiting employees, building their individual dispensary and planning to become operational.

During the construction of these dispensaries, a question arose by the Department of Health concerning the use of a Small Diverse Business, Environmental Construction Services, Inc. (“ESCI 360”). ESCI 360 was identified in each of the six applications as the General Contractor (GC). Because ESCI 360 was not able to act as a GC for all six of the permitted locations, the Harvest entities transitioned the role of GC to a different contractor without notifying the Department of Health. Despite this error, the Harvest Entities still utilized ESCI 360 as a mechanical, electrical and plumbing contractor on all of the dispensaries and paid ESCI 360 the amount specified in the applications.

Rather than engaging in a lengthy legal dispute that would involve all of the Harvest Entities, our affiliate companies, Harvest of Northwest PA, LLC and Harvest of North Central PA, LLC, ultimately determined that not pursuing the permits granted to them would be the best way to ensure that the remaining Harvest affiliate companies get their dispensaries in Pennsylvania operational to serve as many patients as quickly as possible. Consequently, our affiliates will not be opening dispensaries in New Castle and Shamokin where 18 employees will be affected. Having already completed their state required training, we are providing these impacted employees with company-paid services to help them find other employment, which includes a severance payment, resume reviews and access to transition and recruiting agencies. Although this was not an easy decision to make, our affiliates believe it was the best decision for the remaining Harvest affiliated

companies, the other employees across the state and country, and most importantly, the patients in the Commonwealth of Pennsylvania.

Each Harvest affiliate strongly believes that state regulatory frameworks are essential to the success of the industry and are committed to operating within the bounds of the many cannabis policies across states. We know these frameworks are new in our industry – and because of this we will continue to encounter challenges but are committed to working closely with all state regulators. Nevertheless, we are proud of achieving an exemplary record of compliance, while conducting well over a million transactions in various markets, and we are confident that our focus on compliance and strong partnerships with regulators is a key reason we've been awarded more licenses than any other cannabis company in the U.S.; a demonstration of the strength of our businesses.

Each Harvest affiliate is glad to be moving forward in opening dispensaries in Scranton, Reading, Harrisburg and Johnstown and we are looking to bring our high-quality and premium medical marijuana experiences to those Pennsylvanians suffering with serious medical conditions very soon.

### ***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 more than 210 facilities, of which approximately 135 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://harvestinc.com>.*

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### **Forward-looking Statements**

*This press release contains statements which constitute "forward-looking information" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of Harvest with respect to future business activities. Forward-looking information is often identified by the words "may," "would," "could," "should," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect" or similar expressions and include information regarding: (i) expectations regarding the size of the U.S. cannabis market, (ii) the ability of the Company to successfully achieve its business objectives, (iii) plans for expansion of Harvest, and (iv) expectations for other economic, business, and/or competitive factors.*

*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 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.*

*Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Harvest has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Harvest does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.*

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