

NOT FOR DISSEMINATION IN THE UNITED STATES OR FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES AND DOES NOT CONSTITUTE AN OFFER OF THE SECURITIES DESCRIBED HEREIN



Suite 403B, 850 Harbourside Drive  
North Vancouver, B.C. V7P 0A3

## **TransCanna Provides Corporate Update**

**Vancouver, BC, November 2, 2020 - TransCanna Holdings Inc. (CSE: TCAN: XETR: TH8) ("TransCanna" or the "Company")** TransCanna is very pleased to provide a corporate update:

- Lyfted Farms Products are in High Demand and Selling Out
- Lyfted Farms Secures Multiple Off-Take Agreements
- Q4 Revenue Guidance
- Crop Management Business Launched
- Daly Facility Update

### **Product Update**

Lyfted Farms flower is one of a very few branded indoor cultivation companies that routinely delivers on customer expectations for quality. This is reflected in the caliber of the retail stores that carry Lyfted Farms and by customer demand for our products. Lyfted Farms genetic library is fully capable of delivering new strains seasonally and has evolved into a trend-defining marketplace leader where other cannabis entities watch and emulate our products. Material process improvements have resulted in larger “nugget” sizing, increased THC levels, and a more robust curing cycle yielding better taste and aromatic profiles. These changes have had a positive effect on the pricing structure, with a 66% increase in wholesale pricing and a 100% increase in gross margins.

### **Off-Take Agreements**

The Company has secured multiple off-take agreements in anticipation of late Q1 production coming out of the Daly facility. Shareholders will be given greater detail in subsequent news releases when all material details are finalized. As a result of the status of these agreements, the Company has tremendous confidence it will achieve or exceed its stated 2021 revenue targets.

Contracts with the likes of renowned retail partner Cookies, where Lyfted Farms currently has five sku’s in stores, provides the additional benefit of cost savings by not requiring a large in-house sales team or paying expensive 3<sup>rd</sup> party commissions, which are common in the Cannabis Sector.

## **Revenue Guidance**

Lyfted Farms products produced out of the Company's smaller Lyfted Farms facility continue to sell out and exceed sales expectations. Due to the increased capacity of the first 16,000 sq ft of distribution space in the Daly facility, the Company anticipates its Fourth Quarter to be its strongest of the year. The Company's internal gross revenue target for the 2020 fiscal year ranges from CAD\$12,000,000 up to CAD\$14,000,000 (with anticipated net profits from sales of \$600,000 up to \$700,000). The Company is on track to achieve this benchmark.

With the opening of the Daly facility, associated off-take agreements, high demand for sales, and a strong distribution division, the Company maintains its guidance for a gross revenue target of CAD\$55,000,000 to CAD\$75,000,000 (with anticipated net profits from sales of \$6,600,000 up to \$9,000,000) for the fiscal year 2021. This revenue guidance is only for phase one of four in the Daly facility with phase one construction costs estimated to be CAD\$3,172,500.

"With a significant portion of the year spent on submitting and obtaining licenses, we expect investor attention to shift to our 2021 performance. Our goal has always been to drive shareholder value through incremental sales contracts and quality products. This focus has us well-positioned to begin the build-out of the Daly building and scale our business," States Bob Blink, company CEO. "I am very proud of how the team has come together through unprecedented events both globally and in our own back yard. 2021 will be a very exciting year for the Company."

## **Crop Management Services Division**

On October 8, 2020, the Company announced Lyfted Farms' crop services management division (LFCSMD) first facility would come online January 1, 2021. This initiative is on schedule and will begin generating an additional revenue stream for the Company over and above the already thriving cultivation and distribution divisions. The first payments to LFCSMD are set to commence December 1, 2020. LFCSMD allows the Company to further monetize its genetic catalogue and further the Company's reputation within the industry as best in class cultivators and operators. Additionally, this allows the Company to build out its supply chain -- feeding its growing fulfillment and white-labeling business and maximizing efficiencies within the Daly Facility.

## **Daly Facility Update**

The licensing and engineered build-out of the Daly Facility continues to be the core strength for the company. The amalgamation of a number of California's strongest cannabis brands coming into the largest and most efficient facilities in the State is a truly powerful combination.

Updates at a glance:

- Final licensure achieved July 2020
- 16,000 sq ft Distribution Space open for business in Q4
  - contracts in place with much larger farms than the Company were able to service out of the smaller facility (16,000sq ft vs. 1,250 sq ft)
- Build-out for cultivation has begun

- The first harvest from cultivation in Daly expected in Q1
- “Phase 1” Daly canopy sq. ft. capable of generating \$30M + USD/year in cultivation revenue alone
- In combination with increased Distribution capacity on track for 2021 rev target of \$60M+ out of this facility

## **Other Highlights**

Smaller Lyfted Farms Facility has outperformed expectations

- Production capacity of Lyfted Farms facility is currently sold-out until March, 2021
- Average sales price per gram has increased from \$5.70/gram to \$8.57/gram, or +66% (increased demand and collaboration/co-branding) & 100% increase in gross margin.
- Average total harvest weight per room is trending up

## **Summary**

Company performance and development of our team and human capital has been extraordinary. With the current global pandemic and wildfires in California, the Company has experienced many challenges over the past 6 months. The dedication and commitment by team members have given TransCanna stability and galvanized the opportunity for significant growth in the near term.

## **About TransCanna Holdings Inc.**

TransCanna Holdings Inc. is a California based, Canadian listed, Company building cannabis-focused brands for the California lifestyle through its wholly-owned California subsidiaries.

For further information, please visit the Company’s website at [www.transcanna.com](http://www.transcanna.com) or email the Company at [info@transcanna.com](mailto:info@transcanna.com).

On behalf of the Board of Directors  
Bob Blink, CEO  
604-349-3011

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

## **Forward-Looking Statements**

*This release includes certain statements and information that may constitute forward-looking information within the meaning of applicable Canadian securities laws or forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs regarding future events of management of the Company. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as “intends” or “anticipates”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would” or “occur”. This*

*information and these statements, referred to herein as "forward-looking statements", are not historical facts, are made as of the date of this news release and include without limitation estimates and forecasts and statements as to management's expectations for growth and the commencement of operations of the Company's Daly facility.*

*The forward-looking information in this press release is based upon certain assumptions that management considers reasonable in the circumstances, including that operations will commence at the Company's Daly facility in Modesto, California, as and when expected.*

*These forward-looking statements involve numerous known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be materially from any future results, events or developments expressed or implied by such forward-looking statements. Risks and uncertainties associated with the forward-looking information in this news release include, among others, dependence on obtaining and maintaining regulatory approvals, including state, local or other licenses and any inability to obtain all necessary governmental approvals licenses and permits to complete upgrades to its Daly facility in a timely manner; engaging in activities which currently are illegal under U.S. federal law and the uncertainty of existing protection from U.S. federal or other prosecution; regulatory or political change such as changes in applicable laws and regulations, including U.S. state-law legalization, particularly in California, due to inconsistent public opinion, perception of the medical-use and adult-use marijuana industry, bureaucratic delays or inefficiencies or any other reasons; any other factors or developments which may hinder market growth;; reliance on management; and the effect of capital market conditions and other factors (including those related to the COVID-19 pandemic) on capital availability; competition, including from more established or better financed competitors; and the need to secure and maintain corporate alliances and partnerships, including with customers and suppliers.*

*Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or 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 statements 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 statements and forward-looking information. The Company does not undertake to update any forward-looking statement, forward-looking information or financial out-look, except in accordance with applicable securities laws.*