

HARVEST

NEWS RELEASE

Harvest Health & Recreation Inc. Revises Pending Transaction with CannaPharmacy and Receives New Capital

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- CannaPharmacy Transaction Limited to Pennsylvania Cultivation Operations
- \$62.5M CAD Additional Diversified Funding, Strengthening Financial Position
- Termination of Torian Capital Partners Financing

PHOENIX, Nov. 20, 2019 /PRNewswire/ -- **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 announced that Harvest and CannaPharmacy, Inc. ("**CannaPharmacy**") have agreed to revise their pending transaction. Under a new binding agreement, Harvest and CannaPharmacy have agreed to terminate their current agreement whereby Harvest would have acquired CannaPharmacy's right to own or operate cannabis licenses in Pennsylvania, Delaware, New Jersey and Maryland.

Under the new agreement with CannaPharmacy and subject to regulatory approvals, Harvest will only acquire Franklin Labs, LLC, a subsidiary of CannaPharmacy, for \$26,000,000 payable with \$15,000,000 in cash and an \$11,000,000 promissory note. Alternatively, upon completion of additional due diligence and subject to certain closing conditions, the parties may elect consideration consisting of certain other cannabis assets and a reduced cash payment of \$8,000,000. The aggregate purchase price in either scenario is well below the purchase price in the previous agreement which consisted of \$88,000,000 in cash, plus Harvest stock. Franklin Labs owns and operates a 46,800 sq. ft. cultivation and manufacturing/processing facility in Reading, Pennsylvania.

The revised agreement is due, in part, to accommodate Harvest's plans to more strategically align with Harvest's operational needs, which have evolved since the previously announced acquisition of CannaPharmacy. The acquisition of Franklin Labs is expected to allow Harvest to more efficiently scale operations in Pennsylvania and provide dispensaries and patients in that state with access to Harvest's intellectual property, high-quality products,

and trusted retail experiences. The acquisition is subject to, among other things, the execution of definitive agreements, the receipt of regulatory approvals and the satisfaction or waiver of closing conditions customary for a transaction of this nature.

"These transactions come at a key strategic time for Harvest, as we're working to scale our operations in key markets and to enhance our ability to pivot and fulfill product demands for our patients and consumers," said Harvest Executive Chairman Jason Vedadi. "A critical aspect of our long-term strategy is a sharp focus on operational excellence as we build out new facilities and enhance existing ones in 2020. This revised agreement and attractive funding sources will help us toward achieving our revenue and profitability goals, delivering on our promise to increase shareholder value and ultimately fuel Harvest's continued growth and success."

Separately, Harvest has received loan proceeds of both CAD \$35 million and CAD \$27.5 million, totaling CAD \$62.5 million. This additional capital will help fuel Harvest's return to profitable growth and expansion. In regard to the previously announced transaction with Torian Capital Partners ("**Torian**"), both parties have decided not to proceed with the financing.

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: Harvest entering into a definitive agreement with CannaPharmacy to acquire the Reading, Pennsylvania facility, regulatory approval of the planned acquisition, 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.

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