

## World Class Extractions Reports Financial Results With 59% Gross Margin for The Three-Month Period Ended July 31, 2019

**TORONTO, ON / ACCESSWIRE / October 1, 2019** / World-Class Extractions Inc. ("World-Class" or the "Company") (CSE: PUMP) (FRA:WCF) is pleased to report the financial and operating results for its first quarter ended July 31, 2019.



### **First quarter highlights (unaudited):**

#### Financial

- The Company had cash (available and restricted) at July 31, 2019 of \$13,901,616 (April 30, 2019 - \$16,002,152) to settle current liabilities of \$1,474,093 (April 30, 2019 - \$325,281).
- Net Total Asset position as at July 31, 2019 is \$51,358,368.
- The net loss and comprehensive loss for the three months ended July 31, 2019 was \$4,222,132 as compared to July 31, 2018 of \$286,880). The increased loss for the quarter includes sales revenue of \$167,802; cost of sales of \$69,074; acquisition fees of \$982,675; amortization expense of \$702,611; consulting fees of \$262,773; development and research of \$254,258; professional fees of \$359,549; management fees of \$54,500; remuneration and benefits of \$237,519; share-based payments of \$993,135; and travel expenses of \$365,734.
- Revenue of \$167,802 for the quarter ended July 31, 2019 compared to nil revenue for the quarter ended April 30, 2019. Gross margin for the quarter ended July 31, 2019 was 59%.
- Operating activities generated a net cash outflow of \$1,883,725. The increased use of cash is primarily attributable to marketing to attract new customers, research and development of current potential new product lines, purchasing of inventory and increase in staffing all related to an expected further expansion of the Company's revenue.

#### Corporate

- After completing a \$23 million financing, World-Class completed a merger transaction with Quadron Cannatech Corporation ("Quadron"). Management believes the synergy with Quadron is optimal as the Company continues to develop industrial grade extraction and processing systems for cannabis and hemp. World-Class is commercializing its processes by providing cost-effective and at-scale production to produce high margin, high-quality extracts, premium derivative products, and consumer brands.
- Entered into a hemp supply agreement with certain suppliers to purchase hemp crop at an agreed price and share in the proceeds.

- Announced a Revenue Collaboration Agreement with Parity Partners PBC ("Parity"), whereby Parity sources appropriate locations in the United States to locate the Company's extraction and processing systems.

**Subsequent to July 31, 2019:**

Certification

- Obtained additional provincial CRN pressure-vessel certification for its proprietary, automated, next-generation BOSS CO2 Extraction System. The BOSS CO2 Extraction System is now officially certified in British Columbia, Alberta and Ontario.

Joint Venture with FV Pharma Inc.

- Entered into an agreement with FV Pharma Inc. to establish a Joint Venture to develop, manage and operate a large capacity extraction and processing facility for cannabis and hemp in Cobourg, Ontario (the "Facility"). The agreement amends, supersedes, and replaces in its entirety, the Collaboration and License Agreement dated November 23, 2018 between World-Class and FV Pharma Inc.
- The Facility will be deployed in multiple phases to satisfy the increasing market demand as the legal recreational market for cannabis extracts and extract-based products rapidly approaches.
- The Joint Venture is entering into a 5-year lease agreement with an additional 5-year renewal option with FV Pharma Inc. The lease (and initial phase of production), is scheduled to commence December 1, 2019 which contains provisions for the expansion of the Facility.
- During the initial phase, World-Class, through its wholly-owned subsidiary Soma Labs Scientific Inc. ("Soma Labs"), will deploy several BOSS CO2 Extraction Systems as well as the BEAST Ethanol Extraction System, along with all the ancillary equipment required for the preparation of the biomass, as well as refining and distillation processes.
- As part of the Joint Venture, FV Pharma Inc. will provide its Standard Processing license under the *Cannabis Act* (Canada), which it received in February 2019.
- With ample room to expand, the Facility will initially have an extraction and processing capacity of up to 5,000 pounds of biomass per day. As market demand increases, additional equipment will be deployed by the Joint Venture to accommodate the extraction and processing of up to 75,000 pounds per day.
- The Joint Venture is expected to provide revenue growth through processing material for FV Pharma Inc. as well as additional revenue growth through partnership opportunities as the processing center can perform toll processing extraction for third-party license holders utilizing FV Pharma Inc's processing license. The Joint Venture marks a significant milestone for World-Class in preparation for the legalization of recreational cannabis extracts, edibles and topical products which will be available to consumers in upcoming months.

Following the execution of Definitive Agreements, the parties will each have a 50% interest in the Joint Venture.

## **About World-Class**

World-Class develops industrial grade extraction and processing systems for cannabis and hemp and is establishing extraction and processing facilities through strategic joint ventures. World-Class is commercializing its processes by providing cost-effective and at-scale production to produce high margin, high-quality extracts, premium derivative products, and consumer brands. World-Class operates through two wholly-owned subsidiaries: Soma Labs Scientific Ltd. and Greenmantle Products Ltd.

## **Investor Contact**

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## **Cautionary Note Regarding Forward-Looking Statements**

Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties, certain of which are beyond the control of the Company. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Forward-looking statements include, but are not limited to, the anticipated closing of any acquisitions by the Company, the continued growth and expansion of the Company's operations, and the receipt of regulatory approvals, including the approval of the CSE. The Company assumes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

**SOURCE:** World-Class Extractions Inc.