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Canada House Wellness Group Reports Fiscal Year 2020 Results

Toronto - August 28, 2020 (CNW) - Canada House Wellness Group Inc. (CSE: CHV) (“**Canada House**” or the “**Company**”) is pleased to report its financial results for the year ending April 30, 2020. All amounts are stated in thousands of Canadian dollars. Complete details may be found at www.sedar.com.

Compared to the 12 months ending April 30, 2019:

- Revenue was \$5,310, an increase of \$435 or 9%, compared to \$4,875 during the same period in the prior year.
- Cash flow from operating activities before changes in working capital was (\$2,340), a \$2,341 or 50% improvement, compared to (\$4,681) during the same period in 2019.
- Net cash provided by financing activities was \$4,366 compared to \$5,707 during the same period in 2019.
- Loss and Comprehensive Loss for the year was (\$9,520) an improvement of \$1,895 or 17% compared to a loss of (\$11,415) during the same period in 2019. Loss and Comprehensive Loss for the year ended April 30, 2020 included the one-time non-cash effect of a \$1,942 capital impairment charge on intangible assets.
- Working capital was \$1,042 compared to a deficit of (\$1,721) as at April 30, 2019.
- Shareholder’s equity was a surplus of \$5,074 compared to \$8,398 as at April 30, 2019.

Comparison of three months ending April 30, 2020 and April 30, 2019

- Revenue of \$1,387, an increase of \$158 or 13%, compared to \$1,229 in the same quarter last year.
- Loss and Comprehensive Loss of (\$4,513), an increase of \$1,399 or 45%, compared to (\$3,114) in the same quarter last year. Excluding the one-time effect of the \$1,942 capital impairment in the three months ending April 30, 2020, Loss and Comprehensive Loss was (\$2,571), an improvement of \$543 or 17% better than the same quarter last year.

Subsequent to April 30, 2020, Canada House completed the acquisition of IsoCanMed Inc. (“**ICM**”), a fully operational cannabis producer located in Louiseville, Quebec (the “**Acquisition**”) and a \$6.5 million convertible debenture financing from strategic investor Archerwill Investments Inc. (the “**Investment**”). ICM’s state-of-the-art 64,000 square foot production facility increases the Company’s annual production capacity by over 3,000 kg of high quality, low cost dried flower with a potential to further increase by another 3,000 kg CAPEX dependent. A portion of the proceeds of the Investment were used to pay off the Company’s obligations under the convertible security funding agreement dated September 10, 2019 between Canada House and Lind Global Macro Fund, LP in full, strengthening the Company’s balance sheet. For further details on the Acquisition and the Investment, please see the Company’s press releases dated May 29, 2020 and August 5, 2020, available on SEDAR at www.sedar.com.

Also subsequent to the quarter ending April 30, 2020, the Company’s wholly owned subsidiary, Abba Medix Corp. (“**Abba**”), received its amended sales license from Health Canada allowing for the sale of cannabis oil, concentrate, topical and edible products produced from its facility in Pickering, Ontario. This license amendment allows the Company to further expand its existing product offerings to the medical and recreational consumer markets with internally produced oil, concentrate, extract, topical and edible products. Abba is currently producing full-spectrum solventless concentrates in a lab powered by Organic Extraction Technologies and will continue to work closely with Canada House’s wholly owned subsidiary, Canada House Clinics (“**CHC**”), to expand its portfolio of products to best manage the complex physical and psychological conditions of its medical patient base.

“During the year we sharpened our focus on the veteran market and expanding Abba’s product portfolio by introducing new and exciting cannabis 2.0 products such as oils, chocolates, gel capsules and vape pens.” said Chris Churchill-Smith, CEO, Canada House. “With our on-line platform and improved menu, we’ve made it easier for our medical cannabis patients to order the medicine they need in their preferred formats. As a result, medical sales have increased over 30% per month during May, June and July 2020 and we are well positioned for continued growth in the coming months as we launch on an exclusive basis, two sensational new strains, VetStar Day™ and VetStar Night™.”

“To date, Abba has sold approximately \$1.5M of products to the recreational market. The acquisition of ICM will allow the Company to leverage Abba’s sales licenses with ICM’s Quebec grown production to access the high value Quebec recreational distribution channel,” added Mr. Chruchill-Smith. “On the clinic side, CHC has increased revenue while reducing costs to increase profitability while expanding from 11 to 14 clinic locations across Canada. CHC patients represent about 25% of the important Veteran market and purchase over \$27M of legal medical cannabis on an annual basis from over 20 Licensed Producers, including Abba.”

About Canada House Wellness Group Inc.

Canada House Wellness Group Inc. is the parent company of Abba Medix Corp., a Licensed Producer in Pickering, Ontario that produces high quality medical grade cannabis; IsoCanMed Inc., a Licensed Producer in Louiseville, Quebec growing best-in-class indoor cannabis, in its 64,000 sq.ft. production facility employing state-of-the-art vertical, aeroponic production methodologies; Canada House Clinics Inc., with clinics across the country that work directly with primary care teams to provide specialized cannabinoid therapy services to patients suffering from simple and complex medical conditions; and Knalysis Technologies, a provider of fully customizable, cloud-based software that links physician, provider, and patient to data that supports treatment with medical cannabis.

Canada House Wellness Group’s goal is to become the leading cultivator of premium craft cannabis and provider of cannabinoid therapy, targeting the medical cannabis markets globally. Please visit www.canadahouse.ca or the Company’s public filings at www.sedar.com.

For further information, please contact:

Steven Pearce, Vice-President, Legal

Canada House Wellness Group Inc.

289-980-3584

spearce@canadahouse.ca

Cautionary Statement Regarding Forward-Looking Information. This press release contains forward-looking statements, including statements that relate to, among other things, the Company’s clinic, production and technology businesses, its future plans, the Company’s markets, objectives, goals, strategies, intentions, beliefs, expectations and estimates, and can generally be identified by the use of words such as “may”, “will”, “could”, “should”, “would”, “likely”, “possible”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “objective” and “continue” (or the negative thereof) and words and expressions of similar import. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Material assumptions used to develop forward-looking information in this news release include, among other things, the regulations related to cannabis use under the Access to Cannabis for Medical Purposes Regulations and the act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts, passed by the Canadian Federal government, making cannabis and cannabis based edibles, vapes and oils legal for recreational use on October 17, 2018 and October 17, 2019; Company liquidity and capital resources, including the availability of additional capital resources to fund its activities; level of competition; the ability to adapt products and services to the changing market; the ability to attract and retain key executives; and

the ability to execute strategic plans. Additional information about material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the Company's most recent annual and interim Management's Discussion and Analysis under "Risk and Uncertainties" as well as in other public disclosure documents filed with Canadian securities regulatory authorities. The Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except as required by law.

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