

# Benchmark Announces Year-End 2019 Financial Results

Vancouver, British Columbia--(Newsfile Corp. - May 1, 2020) - **Benchmark Botanics Inc. (CSE: BBT) ("Benchmark" or the "Company")** a cannabis producer, today released its financial and operational results for the fiscal year ended December 31, 2019.

"2019 was a challenging year for cannabis industry as well as Benchmark. While continuing to improve our operational efficiency and develop sales channels we made substantial progress in 2019 developing and building our production capacity with a focus on profitable revenue opportunities". said William Ying, Benchmark CEO. "The current COVID-19 pandemic is bringing unprecedented pressures to communities and businesses globally. Benchmark is not immune to these pressures. Despite this, we are committed to execute on our goals of driving strong revenue growth in 2020. We endeavor to drive shareholder value and will continue to pursue accretive and strategic opportunities."

## 2019 KEY DEVELOPMENTS

### ***Definitive Investment Cooperation Agreement with China-based Zhejiang Yatai Pharmaceutical Co., Ltd.***

On May 27, 2019, the companies signed a definitive investment cooperation agreement, whereby the parties agreed to set up a new joint venture company in Canada. The company name will be YATAI & BBT Biotech Ltd. ("Yatai BBT"). The new company will have a share capital of \$14 million CAD, of which Zhejiang Yatai Pharmaceutical Co., Ltd. ("Zhejiang Yatai") will invest \$7 million CAD cash, accounting for 50% of the new company's share capital; The Company will cause its wholly-owned subsidiary Potanicals, to use its existing Health Canada issued license to apply for a license for property to be acquired by the new company (the "Facility") for cannabis cultivation, processing, and sale thereon and in exchange the Company will receive 25% of the new company's share capital (with a deemed value of \$3.5 million CAD); and Rippington Investment ("RI") will invest \$3.5 million CAD, accounting for the remaining 25% of the new company's share capital. RI is a private company incorporated under the *Business Corporations Act* (British Columbia).

As of December 31, 2019, Zhejiang Yatai has made their CAD\$7 million investment into Yatai BBT. The Company is still in the process of applying for the license and has therefore not received an ownership interest in Yatai BBT.

### ***The Second Cultivation license received from Health Canada***

The Company through its wholly owned subsidiary and licensed producer Potanicals received its second cultivation license, effective November 29, 2019, from Health Canada for the Company's joint venture greenhouse operations located in Pitt Meadows, BC.

### ***Cannabis Sales License Received from Health Canada***

Potanicals received a sales license from Health Canada, effective July 26, 2019. The license allows Benchmark to supply and sell finished cannabis products to provincial governments throughout Canada and through Canada's approved distribution and retail supply chain. Benchmark will be providing recreational and medical dried cannabis, capsules and other forms of cannabis products, as the Government of Canada makes more forms of the product legal for sale and consumption later this year.

### ***Cannabis Supply Agreement with British Columbia***

In September, Potanicals signed a Licensed Producer Supply Agreement for non-medical cannabis with the Province of British Columbia. Benchmark has signed an agreement with the BC Liquor Distribution Branch (BCLDB), the sole wholesale distributor of non-medical cannabis for British Columbia (BC) that operates standalone and public retail stores, and provide online sales.

### ***Extraction Facility under Construction***

On July 10, 2019, the Company entered into an agreement with a construction company for the construction of a 10,000 sq. ft. extraction indoor facility, which is located in the Company's Peachland Cannabis Complex.

## OVERVIEW OF 2019 FINANCIAL RESULTS

- Net loss for the year ended December 31, 2019 was \$3,698,409, compared to a net loss of \$6,077,509 for the year ended December 31, 2018. The decrease in net loss for the year ended December 31, 2019 is due to the decrease in operating expenses of \$292,502 and increase in other income of \$2,417,480.
- EBITDA before gain on acquisition of associate, share-based compensation expenses, write-off of deposit, write-off of inventory, loss on equity investments and unrealized gain on changes in fair value of biological assets ("Adjusted EBITDA") for the year ended December 31, 2019 decreased to a negative \$4,036,501 from a negative \$4,167,722 for the year ended December 31, 2018.
- At December 31, 2019, the Company had working capital of \$1,746,964 (December 31, 2018 - \$793,516).
- As of the date of this news release, the number of issued and outstanding common shares was 176,612,261, the number of stock options outstanding was 7,039,999, and the number of outstanding warrants was 34,316,667.

The corporation's audited annual consolidated financial statements for 2019 and the related management's discussion and analysis (MD&A) are available on SEDAR.

## **PANDEMIC RISK**

During December 2019, the World Health Organization ("WHO") announced that a disease COVID-19 ("Coronavirus") caused infection, and its transmission patterns could become a worldwide pandemic. During 2019 or early 2020, no employees at the Company had any reported cases of Coronavirus. However, Benchmark compiled a risk assessment, and implemented preventative and emergency response measures at its BC office and production sites in an attempt to manage this risk.

The Company and the world (Coronavirus are now present on every continent) are now dealing with the results of this worldwide Coronavirus pandemic. The global impact continues to evolve and may have various potential direct effects on our Canadian operations, our office and logistics related issues.

Effects on the business could be increased including long-term absenteeism of critical staff, supply chain issues, production issues due to missing critical supplies, transport issues, sales issues or other unknown effects and Benchmark may be required to delay or reduce the scope of certain of its operations or projects. All the possible scenarios may have a materially adverse impact on the Company's business. It might further create a business shutdown if an outbreak of the Coronavirus were confirmed in the area or at the Company premises.

These issues could delay the expansion plans previously announced due to supply chain issues, labour shortages or other issues.

The Coronavirus could also have some additional but unforeseen effect on specifically Operations Risk, Funding Risk, Project Development Risk, Economic Uncertainty Risk, Social Risk and uncertain effects on cannabis price changes and the price and trading of the Company's common shares.

## **About Benchmark Botanics Inc.**

Benchmark is a diversified multi-licensed cannabis producer focused on a three-way vertical business model targeting the medical, pharmaceutical, and recreational markets in Canada. The Company's business plan also includes a strategy to become a Canadian licensed producer to pioneer selling medical cannabis and hemp throughout Asia, where it is legal to do so.

Benchmark is focused on producing the highest-quality, indoor-grown cannabis for patients and adult recreational consumers, as well as developing international business partnerships to extend the Company's global footprint.

Benchmark's 100% owned subsidiary, Potanicals Green Growers Inc. ("Potanicals") is a Health Canada licensed producer under the Cannabis Act and its regulations. The Company is producing at its indoor Peachland Cannabis Complex and is constructing a Phase II expansion of an additional 10,000 square foot extraction facility there. Along with cultivation and production, the company's Peachland BC facility also provides propagation, cultivation, cloning, storage, research and development, genetics and is progressing towards CBD oil extraction and an EU-GMP certification.

As part of its expansion strategy the company, with a joint venture partner completed a second facility, a 4-acre Greenhouse Operation in Pitt Meadows, BC. The Company through Potanicals, has received its second cultivation license, effective November 29, 2019, from Health Canada for the Pitt Meadow greenhouse.

Benchmark has also acquired 51% of a company that holds a cannabis research and development licence issued from Health Canada under *The Cannabis Act* and its regulations.

For further information, please visit the Company's website at [www.benchmarkbotanics.com](http://www.benchmarkbotanics.com) or the Company's profile at [www.sedar.com](http://www.sedar.com).

If you would like to be added to Benchmark Botanics' news distribution list, please sign up at this link <https://benchmarkbotanics.com/signup/> Investor Relations [info@bbtinc.ca](mailto:info@bbtinc.ca)

ON BEHALF OF THE BOARD OF  
**BENCHMARK BOTANICS INC.**

/s/ "William Ying"  
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*The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this release.*

## **FORWARD LOOKING INFORMATION**

This news release contains forward-looking statements and forward-looking information within the meaning of applicable

securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. More particularly and without limitation, the news release contains forward-looking statements and information relating to Company's corporate strategy. The forward-looking statements and information are based on certain key expectations and assumptions made by management of the Company, including, without limitation, the Company's ability to carry out its business plan. Although management of the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information since no assurance can be given that they will prove to be correct.

Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management of the Company relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information address future events and conditions, by their very nature they involve risks and uncertainties. Actual results could differ materially from those currently anticipated due to several factors and risks. These include, but are not limited to, the Company's ability to identify and complete additional suitable acquisitions to further the Company's growth as well as risks associated with the medical marijuana industry in general, such as operational risks in development and production delays or changes in plans with respect to development projects or capital expenditures; the uncertainty of the capital markets; the uncertainty of receiving the required licenses, production, costs and expenses; health, safety and environmental risks; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of the potential market; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals and changes in legislation, including but not limited to tax laws and regulated regulations. Accordingly, readers should not place undue reliance on the forward-looking statements, timelines and information contained in this news release. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking statements and information contained in this news release are made as of the date hereof and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Canadian Securities Exchange. The forward-looking statements or information contained in this news release are expressly qualified by this cautionary statement.

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