

# Mojave Jane Brands Reports Q4 and Year End 2019 Results

*/NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR RELEASE, PUBLICATION, DISTRIBUTION OR DISSEMINATION DIRECTLY, OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES./*

**CSE: JANE**  
**OTC: HHPHF**  
**FSE: OHCN**

*Company continues to execute on manufacturing, brands and distribution strategy in California*

TORONTO, Dec. 31, 2019 /CNW/ - Mojave Jane (CSE: JANE) (OTC: HHPHF) (FSE: OHCN), a California cannabis company, today announced that it has filed its consolidated audited financial statements for the quarter and fiscal year ended August 31, 2019. The consolidated financial statements and management discussion and analysis are available on SEDAR at [www.sedar.com](http://www.sedar.com)

## Operational Highlights

Subsequent to the quarter under review, the Company executed on a number of initiatives that significantly reduce operational expenses, while focusing the business of the Company on the following three strategic pillars:

- **Manufacturing:** the Company decided not to complete the intended acquisition of CB Asset Management, but instead executed a binding LOI to acquire 100% of the member's interests in Pacific Crest 4, LLC (PC4), which includes a Type 7 (volatile and non-volatile) manufacturing license, extraction and related equipment, operations, and property lease in Adelanto, California. This will enable the Company to consolidate all of its manufacturing and packaging activities under one roof, significantly reducing OpEx spend. The transaction, expected to close in January 2019, is a foundational asset in Mojave Jane's infrastructure, and will also house third-party manufacturing and white labeling, such as for beverage related products through its exclusive license with HAI Beverages. The total consideration for the Adelanto transaction is \$1.2 million, of which \$700,000 is in the form of a convertible debenture, as compared to \$7.5 million for the CBAM transaction.
- **Brands:** the Company is in the process of expanding the product portfolio of its premium chocolate brand CALIGOLD. Furthermore, the Company intends launching additional brands, supported by the manufacturing capabilities of the Adelanto property once this transaction has been completed (anticipated for January 2020).
- **Distribution/Delivery:** subsequent to the quarter, the Company increased its ownership interest in California's largest premier delivery service SpeedWeed (through parent company 2083 group), with an option to increase ownership to 40%. SpeedWeed since has launched its Direct to Consumer platform, which enables consumers to order the products they know and love directly from the brands themselves. While consumers always remain within a brand's ecosystem, SpeedWeed takes care of fulfilment and powers the eCommerce capabilities. Through this model, brands can offer products at substantially more competitive prices, strengthening their competitive position versus California's illegal market. At the same time, brands are able to increase margin, while margins to SpeedWeed increase significantly as well.

## Other quarterly and subsequent highlights

- The Company announced the reversal of the Bravo transaction. The Bravo vendors will return the 4.5 million shares issued in the transaction, while OpEx spend is significantly reduced.
- In November 2019, the facility leases in City of Industry and West Sacramento were terminated, again substantially reducing recurring operating costs.
- In November 2019, Mojave Jane suspended further development of its Cudahy facility as the company elects to consolidate operations and evaluate options for the Cudahy facility that include its sale, as well as further development.
- The Company executed a subscription and acquisition of shares with the 2083 Group ("2083") that provides for the Company to acquire 40% of 2083 for \$2.6M in total consideration. To date, an ownership stake of approximately 20% has been established. 2083 owns and operates SpeedWeed, described in more detail above. 2083 also brings key social media and celebrity influencers to the relationship and manages the connections between the influencers and the Company's brands and products.
- During the period, the Company shifted its strategy away from large scale cultivation to focus on extraction, consumer brands, and distribution/delivery. As a result, the Company elected to evaluate the value of its CoachellaGro property. The Company recorded a related non-cash impairment charge of \$4.4 million during the quarter. The evaluation of this asset is ongoing. Management believes its value to be sound, especially given its status of having rights to utilities (power), where other properties in the Coachella cannabis zone are not expected to have access to power for years to come. A strategic review is underway to determine the go forward strategy in relation to the CoachellaGro property.
- Mojave recorded a number of non-cash impairment charges in relation to the restructuring of the Company (discontinued operations, fixed assets and goodwill, some of which are discussed above) totaling approximately \$12.5 million. These impairments are described in more detail in the Company's Management Discussion and Analysis, filed on [www.sedar.com](http://www.sedar.com). While these impairments had a strong negative impact on operational results for the quarter under consideration, including the OpEx savings resulting from the restructuring, going forward the Company anticipates improving operational results.

Mojave Jane's CEO Gary Latham commented:

"In the past few quarters, we have successfully refocused the strategic direction of Mojave. Much of the overhang from previous transactions and discontinued operations has now been cleaned up, which will result in a significant reduction of OpEx going forward. In 2020, our energy and capital deployment will be focused on operating our well differentiated assets to generate revenue and growth. Once completed, the Adelanto transaction sets us up for manufacturing of our own products, as well as enables us to engage in white label production for third parties. At the same time, our investment in SpeedWeed provides us with direct to consumer distribution capabilities. This is a key asset in California, where this model enables us and SpeedWeed's brand partners to compete more effectively with the illicit market. Following a challenging year for us and the industry in general, we are now well positioned to capitalize on the opportunities in the world's largest legal cannabis market and generate shareholder value, and I look forward to reporting on our achievements as we execute on our strategy."

### **About Mojave Jane Brands**

Mojave Jane Brands Inc. is a Canadian-based cannabis company emerging as a true vertical integrator in California's legal cannabis space, serving both the recreational and wellness markets. The Company's U.S. holdings are focused on processing and manufacturing, branding, marketing and distribution. Through ownership of high-end brands such as Caligold, partnerships with innovators such as HAI Beverages, and investments in leading distributor SpeedWeed, the Company is well positioned to capitalize on the rapidly growing legal opportunity in the world's largest cannabis market.

### **Social Media**

Facebook: [facebook.com/mojavejane](https://www.facebook.com/mojavejane)

Twitter: [twitter.com/mojavejane](https://twitter.com/mojavejane)

LinkedIn: [linkedin.com/mojavejane](https://www.linkedin.com/mojavejane)

CALIGOLD Instagram: <https://www.instagram.com/caligoldofficial>

## **Stock Exchanges**

Mojave Jane trades in Canada, ticker symbol JANE on the CSE, and in Europe, ticker symbol OHCN on the FSE. Neither the CSE, nor the FSE has approved nor disapproved the contents of this press release. Neither the CSE, nor the FSE accepts responsibility for the adequacy or accuracy of this release.

## **Marijuana Industry Involvement**

Canadian listings (CSE) will remain in good standing as long as they provide the disclosure that is rightly required by regulators and complying with applicable licensing requirements and the regulatory framework enacted by the applicable state in which they operate. Marijuana is legal in certain states however marijuana remains illegal under US federal law and the approach to enforcement of US federal law against marijuana is subject to change. Shareholders and investors need to be aware that adverse enforcement actions could affect their investments and that Mojave Jane's ability to access private and public capital could be affected and or could not be available to support continuing operations.

On behalf of the Board of Directors

Mojave Jane Brands Inc.

*Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this release contains forward-looking information relating to the intention of the parties to complete the Acquisition and certain ancillary transactions contemplated thereby. These transactions are subject to a number of material risks, and there is no assurance that they will be completed on the terms or within the timeframes currently contemplated, or at all. The forward-looking information contained in this press release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.*

*All monetary references herein refer to Canadian dollars unless otherwise specified.*

SOURCE Mojave Jane Brands Inc.

View original content to download multimedia:

<http://www.newswire.ca/en/releases/archive/December2019/31/c8033.html>

%SEDAR: 00032535E

**For further information:** For more information about Mojave Jane, please contact: 8 Wellington St.

E. Mezzanine Level | Toronto, On | M5E 1C5 | [www.MojaveJane.com](http://www.MojaveJane.com); Gary Latham, Chief Executive Officer & Director, Email: [info@mojavejane.com](mailto:info@mojavejane.com), Phone: (760) 552-7122

CO: Mojave Jane Brands Inc.

CNW 07:00e 31-DEC-19