



# BLOCKStrain Technology Announces Second Quarter 2019 Financial Results

VANCOUVER, Dec. 14, 2018 /CNW/ - **BLOCKStrain Technology Corp. (TSX:V.DNAX, OTC:BKKSF)** ("**BLOCKStrain**" or the "**Company**") announced its second quarter results for the three and six months ended October 31, 2018. Prior to completion of its reverse takeover transaction on May 17, 2018, BLOCKStrain had only been incorporated since November 22, 2017. As such, there are no prior quarters for financial comparison.

"The core technology of BLOCKStrain was created to address some of the primary issues facing licensed producers and growers in the market with respect to strain verification and quality assurance. By combining genomic science with big data and implementing the security of blockchain to document and certify each step of the cannabis cultivation process, from Genome to Sale™, we are working to transform the industry with a fully-integrated, closed-loop solution," said CEO Robert Galarza.

"We are working with licensed producers and micro cultivators alike as they enter the newly legalized ecosystem," stated Mr. Galarza. "By adopting our technology, our clients can easily and inexpensively move their products through testing procedures. Our first commercial client, WeedMD, recently launched our solution and has genetically registered 40 proprietary strains developed in-house, allowing them to truly stand behind their product. We anticipate gaining considerable traction in the marketplace as suppliers and distributors recognize the strong value our solution provides."

## Financial and Operational Highlights:

- The Company's comprehensive loss was \$2.3 million and \$11.3 million, respectively, for the three and six months ended October 31, 2018. \$2.3 million of non-recurring listing charges related to the reverse takeover were incurred in Q1.
- For the three and six months ended October 31, 2018, adjusted EBITDA was \$1.6 million and \$5.8 million, respectively
- Operating expenses for the three and six months ended October 31, 2018 were \$2.3 million and \$9.0 million, respectively.
- The Company's funds used in operations were \$1.6 million and \$6.2 million for the three and six months ended October 31, 2018, which were primarily deployed for marketing campaigns and product development.
- Cash on hand as of October 31, 2018 was \$4.0 million, compared to \$5.6 million at the beginning of Q2.
- In Q2, WeedMD, BLOCKStrain's first commercial client, launched the Company's genome registration and tracking software following the collection and registration of WeedMD's cannabis plant DNA.

	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Revenue	-	-	-	-
Adjusted EBITDA <sup>(1)</sup>	(1,587,355)	(4,167,857)	(220)	(304)
EBITDA <sup>(1)</sup>	(2,292,559)	(8,995,890)	(224)	(304)
Net Loss	(2,295,244)	(2,739,983)	(224)	(304)
Comprehensive loss	(2,295,244)	(8,998,361)	(224)	(304)

(1) EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA are not measures of financial performance under IFRS. The definition for Adjusted EBITDA can be found in the Company's management's discussion and analysis ("**MD&A**") for the period ended October 31, 2018 at [www.sedar.com](http://www.sedar.com)

**More detailed financial information and analysis with respect to BLOCKStrain's results of**

operations are available in its unaudited interim financial statements and MD&A for the period ended October 31, 2018, both of which can be found on SEDAR at [www.sedar.com](http://www.sedar.com)

BLOCKStrain also announced that it has retained Bullseye Corporate for strategic investor relations and capital markets communications services. Under the terms of the agreement, BLOCKStrain will pay Bullseye Corporate a monthly fee of CAD \$3,210 + HST for ongoing strategic communication services. The agreement may be terminated by either party with 30 days' written notice. Neither Bullseye Corporate, nor any of its executives have an ownership interest, directly or indirectly, in BLOCKStrain or its securities, and BLOCKStrain has not granted Bullseye Corporate or its executives any right to acquire any such interests.

#### **About BLOCKStrain:**

BLOCKStrain has developed the first integrated blockchain platform to register and track intellectual property in the cannabis industry. BLOCKStrain's technology allows cannabis growers and breeders to identify and secure rights to their intellectual property and also streamlines the administrative process and reduces the costs of genetic and mandatory quality-control testing for legal cannabis. BLOCKStrain's technology is proprietary, immutable and cryptographically secure, thereby establishing a single-source, accurate, validated and permanent account for cannabis strains from ownership to market.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release*

#### **Disclaimer for Forward-Looking Information**

*Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding the Company's future business plans. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Forward looking statements in this news release include statements relating to: the expected benefits of, and impact on, the cannabis industry as a result of BLOCKStrain's technology; and the Company's anticipation of gaining considerable traction in the market. Such statements are based on management's current assumptions with respect to the regulatory environment for cannabis, the expected applications of its technology and other factors, and are subject to various risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements, including that: BLOCKStrain's platform may not operate as expected; the cannabis industry may not adopt the BLOCKStrain platform to the level expected; legislative changes may occur that negatively impact BLOCKStrain's business; BLOCKStrain's platform may not adequately protect users' intellectual property; and other factors beyond the Company's control. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. Readers are urged to consider these factors carefully in evaluating the forward-looking statements contained in this news release and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by these cautionary statements. These forward-looking statements are made as of the date hereof and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.*

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