



## Golden Leaf Holdings Reports Fiscal Third Quarter 2018 Results

TORONTO, Nov. 05, 2018 -- [Golden Leaf Holdings Ltd.](#) ("Golden Leaf" or the "Company") (CSE:GLH) (OTCQB:GLDFF), a cannabis company with cultivation, production and retail operations built around recognized brands, today announced financial results for the fiscal third quarter ended September 30, 2018.

### Recent Business and Financial Highlights

- Record quarterly revenues of US\$5.1 million for Q3 2018, compared to US\$3.1 million for Q3 2017
- Acquired Canadian Sales License from Health Canada via Medical Marijuana Group ("MMG"), its Canadian Subsidiary
- Hired Jeff Yapp as Chief Marketing and Sales Officer

### Subsequent Events:

- Announced non-binding letter of intent to merge with Terra Tech Corp.
- Announced launch of Golden Fruit Chews into the Nevada market
- Acquired cultivation license for its Bald Peak, Oregon facility from the Oregon Liquor Control Commission
- Introduced new Green Apple Flavor CBD Infused Fruit Chews into the Oregon market

Mr. William Simpson, Chief Executive Officer of Golden Leaf Holdings, commented, "Our third quarter revenue reached yet another record, achieving US\$5.1 million, primarily driven by sale of flower in Canada after we received our Canadian Sales license from Health Canada, and seasonal improvements in our Oregon Retail revenue and the addition of two new Retail stores in Oregon when compared to the third quarter 2017. Adjusted EBITDA for the third quarter of 2018 was a loss of US\$2.9 million primarily driven by production costs and operating expenses.

"Combined with the recent legalization of cannabis in Canada and our ever expanding North American footprint in cultivation, wholesale and retail, we have set the stage for a stronger 2019. We continue our efforts to build our wholesale and retail brands, enhancing trust with our customers, and expanding market share. We are also investing in people and processes as we recognize the importance of a strong, dedicated workforce to support the market growth in the jurisdictions in which we operate," said Mr. Simpson.

### Fiscal Third Quarter Ended September 30, 2018 Financial Results

For the quarter ended September 30, 2018 ("Q3 2018"), net revenue was US\$5.1 million as compared to US\$3.1 million for the same three-month period in 2017 ("Q3 2017"). The 63% year-over-year increase largely reflects the sale of flower from our Canadian operations, seasonal improvements in Oregon retail, and the addition of two new Chalice Farms stores in Oregon, when compared to the same period in 2017.

Gross profit was US\$0.4 million or 9% of net revenue for Q3 2018, compared with US\$0.7 million or 23% of net revenue for Q3 2017. Q3 2018 gross margins decreased primarily due to non-cash valuation of biological assets. As of September 30, 2018, biological assets were newly planted and on average 13% complete.

Operating expenses were US\$4.7 million USD for Q3 2018, consistent with US\$4.7 million in Q3 2017.

Adjusted EBITDA loss was US\$2.9 million for Q3 2018, a slight improvement compared with a loss of US\$3.0 million for Q3 2017, primarily as a result of an increase in product sales volume. Adjusted EBITDA is defined by the Company as earnings before taxes, depreciation and amortization, less certain non-cash equity compensation expenses, including impairments, one-time transaction fees and all other non-cash items. The Company considers Adjusted EBITDA an important operational measure for the business.

Net loss for Q3 2018 was US\$5.5 million or US\$0.01 per share loss, compared with a net loss of US\$3.2 million or US\$0.01 per share loss, for Q3 2017. Net loss for Q3 2018 increased primarily attributed to the effect of the changes in fair value of non-cash assets and debt, specifically, biological assets and warrant liability.

As of September 30, 2018, the Company had approximately US\$20.1 million in current assets, compared with US\$11.6 million in current assets at December 31, 2017. The increase is largely because of the bought deal financing which was completed on January 31, 2018, in addition to proceeds from warrant exercises. Total assets increased to US\$84.2 million at September 30, 2018, compared to US\$75.8 million at December 31, 2017, also due primarily to the bought deal financing completed in January.

### Investor Conference Call

Golden Leaf, led by William Simpson, Chief Executive Officer, will hold a conference call at 4:30 PM ET today, Monday, November 5<sup>th</sup>, 2018, to report its financial results for the third quarter ended September 30, 2018.

The dial-in information for the conference call is as follows:

Program Title: Golden Leaf Holdings Third Quarter 2018 Financial Results Call

**Canada & U.S.: (877) 423-9813**  
**International: (201) 689-8573**

Participants must request the Golden Leaf Holdings Call.

A live audio webcast will be available online on Golden Leaf's website at [goldenleafholdings.com](http://goldenleafholdings.com), where it will be archived for two weeks.

An audio replay of the conference call will be available through midnight November 19, 2018 by dialing +1 (844) 512-2921 from the U.S. or Canada, or +1 (412) 317-6671 from international locations, Conference ID: 13684932

To be added to the Golden Leaf email distribution list, please email [IR@goldenxtrx.com](mailto:IR@goldenxtrx.com) with "GLH" in the subject line.

#### **About Golden Leaf Holdings**

Golden Leaf Holdings Ltd. is a Canadian company with operations in multiple jurisdictions including Oregon, Nevada and Canada, with cultivation, production and retail operations built around recognized brands. Golden Leaf distributes its products through its branded Chalice Farms retail dispensaries, as well as through third-party dispensaries. Golden Leaf's cannabis retail operations and products are designed with the customer in mind, focused on superlative in-store experience and quality products. Visit [goldenleafholdings.com](http://goldenleafholdings.com) to learn more.

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*Disclaimer: This press release contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Company's future business operations, the establishment of, and the future scope and scale of, the Chalice Farms retail system, the level of funding needed to establish the Chalice Farms franchise model, that the Chalice Farms franchise model will be successful and generate positive cash flows, the opinions or beliefs of management and future business goals. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to general business, economic and competitive uncertainties, regulatory risks including risks related to the expected timing of the Company's participation in the adult use market, market risks, risks inherent in manufacturing operations, difficulties of establishing a successful franchise model and other risks of the cannabis industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information. Forward-looking information is provided herein for the purpose of presenting information about management's current expectations relating to the future and readers are cautioned that such information may not be appropriate for other purpose. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. This press release does not constitute an offer of securities for sale in the United States, and such securities may not be offered or sold in the United States absent registration or an exemption from registration or an exemption from registration.*