



## Golden Leaf Holdings Transforms Operations and Exceeds First Quarter, 2020 Expectations

### Leadership, partner engagement and product expansion position Company for revenue and earnings growth

TORONTO, April 20, 2020 -- Golden Leaf Holdings Ltd. (CSE: GLH) (OTCQB: GLDFF) ("Golden Leaf" or the "Company"), a pioneering cannabis solutions Company and dispensary operator built around the recognized brands of Chalice Farms, pre-announces its first quarter 2020 ending March 31, 2020 revenue. Despite the impact of the COVID-19 Coronavirus pandemic, the Company exceeded expectations during the first quarter and is poised for revenue and earnings growth into the second quarter of 2020.

"We continue to make significant progress towards being cashflow positive from operations. Based on current internal forecasts, we expect to cross over to cash-generative within the runway of accessible liquidity," commented Jeff Yapp, Golden Leaf CEO.

Unaudited revenue for the first quarter 2020 from continuing operations was US\$4.7M; the estimated unaudited gross margin before fair value adjustments is 40%. Full first quarter results are expected to be released on or before May 30, 2020.

"I am encouraged with our execution and progress over the last two quarters with a focus on improving our working capital utilization consistent with our crawl, walk, run strategy," said Jeff Yapp. "We have found more ways to optimize our cost structure allowing the Company to continue its mission and to generate positive returns for shareholders."

The Company focused on optimizing existing business lines in the US, while building the foundation for new revenue streams and partnerships in the second quarter of 2020 and beyond. The Company achieved cost savings during the first quarter through targeted reductions in headcount and expenses and worked to improve its cash position and overall runway. The Company rolled out a number of active working capital management strategies which have resulted in better commercial terms from our suppliers, faster collections from customers, and sustainable sales growth in its Oregon business. Retail revenue growth is primarily attributable to an increase in total tickets of 20% compared to the first quarter of 2019, and 6% sequentially, while maintaining average ticket size. The Company continues to build its product partnerships in California, Nevada, and Washington.

GLH made tremendous progress, evidenced by its Oregon operation's highest revenue streams in the Company's history. Revenues generated in Oregon state in Q1 were US\$4.4M with estimated gross margin of 43%, compared to US\$3.5M in Q1 2019. The Company realized record retail revenues through the Chalice Farms stores of US\$3.1M with estimated gross margin of 49%. This compares to US\$2.6M in the same period of 2019. Revenues from Oregon wholesale were US\$1.3M with estimated gross margin of 28%, compared to US\$0.4M in the prior quarter, and US\$0.8M the prior year.

"We made a number of operational improvements in the first quarter to better manage inventory and partner relationships within our Oregon wholesale channel." Says Yapp. "We were also fortunate to have hired seasoned retail executive John Ford, who was pivotal in launching Apple stores throughout China. His business leadership and keen ability to tap into the consumer mindset, is helping us establish best practices and standards for continued operational and distribution growth, led by the Chalice Brand."

During the first quarter, the Company launched its RXO full spectrum ethanol extract product line in Oregon which has Vaporizer, Shatter and Tanker varieties. The Company plans to launch RXO or similar products in California, Nevada and Washington through partner manufacturing relationships developed in Q1. Chalice Farms Fruit Chew Blast edibles continued to experience growing demand in the Company's wholesale and retail channels and the Company's Private Stash line of Distillate Vaporizer cartridges has resurged after the vape crisis of 2019.

The Company remains focused on maintaining inventory of its sought-after products by proactively managing through staffing disruptions due to COVID-19. The Company has instituted a variety of measures within all its facilities to ensure continuity of operations and the safety of both its employees and customers.

The Company expects to release the audited fiscal 2019 financial statements prior to May 15, 2020 and will shortly announce the dates for its Annual General Meeting.

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

### Disclaimer Regarding Financial Information

The financial information presented in this news release is based on preliminary, unaudited financial statements prepared by management, for the first quarter ended March 31, 2020. Accordingly, such financial information may be subject to change. All financial information contained in this news release is qualified in its entirety with reference to the Company's unaudited financial statements for the first quarter ended March 31, 2020, which will be filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on or before May 30, 2020. While the Company does not expect there to be any material changes to the financial information presented in this news release, to the extent that it is inconsistent with the information contained in the Company's unaudited financial statements for the first quarter ended March 31, 2020, the financial information contained in this news release shall be deemed

to be modified or superseded by the Company's unaudited financial statements. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation for purposes of applicable securities laws.

### [About Golden Leaf Holdings](#)

Golden Leaf Holdings Ltd. is a Canadian Company with operations in multiple jurisdictions including Oregon, Nevada and California, with cultivation, production and retail operations built around the recognized brands of Chalice Farms. 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.

### **Investor Relations:**

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