

Harvest One and its Brands LivRelief (TM) and Dream Water (TM) Report Continued Positive Results for Fiscal Q1 2022

Ongoing strategic focus on transformation to a health and wellness CPG company that is uniquely positioned in the cannabis space providing well-respected brands and innovative products to the emerging marketplace

Improved net revenue with 12% growth quarter-over-quarter despite on-going COVID travel restrictions

Improved gross profit margin, 33% in fiscal Q1 2022 vs. 29% in fiscal Q1 2021

Selling, general and administrative ("SG&A") expenses reduced by 37% quarter-over-quarter

Improved adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA")⁽¹⁾ by 51% quarter over quarter

Innovative excellence with the successful launch of Dream Water™ gummies in the U.S.

Vancouver, British Columbia--(Newsfile Corp. - November 29, 2021) - Harvest One Cannabis Inc. (TSXV: HVT) (OTCQB: HRVOF) ("Harvest One" or the "Company"), a uniquely positioned cannabis-infused health and wellness consumer packaged goods ("CPG") leader, with brands *LivRelief*™ and *Dream Water*™, is pleased to announce its fiscal Q1 2022 financial and operating results for the three months ended September 30, 2021.

Management Commentary

"Our first quarter results for fiscal 2022 demonstrate that Harvest One continues to be relentless in our objectives to increase revenue while simultaneously reducing operating and overhead expenditures to increase our profitability," said Gord Davey, President and Chief Executive Officer of Harvest One. "Our strategy is working. We are executing on our existing and newly signed sales, distribution and marketing agreements, and continuing to bring new and innovative products to the market. We are pleased to see the positive results of our strategic repositioning of the Company and equally excited with our plans moving forward. We are in the process of negotiating additional agreements that, if and when completed, may result in many new customers, distribution partners, products and channels. Furthermore, we are committed to maintaining rigorous fiscal responsibility."

Financial and Operating Highlights for the Quarter

Expanded Marketing and Distribution Agreements

a. *Distribution in the Caribbean, Central America and the Travel Retail/Cruise Channel*

On July 20, 2021, the Company announced that it had signed a three-year renewable marketing and distribution agreement for international market expansion with WB Canna Co. & Wellness, a leading CBD and wellness products distributor in the Caribbean, Central America, and the travel retail/cruise channel. This partnership will enhance the Company's growth and brand expansion and increase its revenues in 2022.

b. *Engagement of Marketing Service Provider*

On July 26, 2021, the Company announced that it engaged an arm's length service provider, Jonathan Carroll and his firm, Global Solutions Team, to provide strategic advisory and consulting services to the Company.

Product Development and Licensing

a. *Licence Agreement with The Valens Company*

On July 28, 2021, the Company announced that its wholly-owned subsidiary, Delivra Inc., granted Valens Agritech Ltd., a wholly owned subsidiary of The Valens Company, a leading manufacturer of cannabis products, an exclusive two-year licence to manufacture, distribute and sell infused LivRelief™ branded topicals in Canada. The partnership with The Valens Company is expected to accelerate national and global growth opportunities and scale the manufacturing of LivRelief™ branded topicals and future product extensions.

b. *Launch of Dream Water™ Sleep Gummies*

On August 25, 2021, the Company announced that its Dream Water™ brand launched a new line of sleep gummies in the American market. The launch of Dream Water™ sleep gummies is expected to increase growth in the Company's traditional distribution and retail channels and improve overall channel penetration by leveraging the Company's expertise in branding, marketing and distribution.

Financial Highlights

- **Net revenue:** The Company reported total net revenue from continued operations of \$2.13 million in fiscal Q1 2022, approximately a 12% increase over the \$1.90 million reported in fiscal Q1 2021. The quarter-over-quarter increase in net revenue is driven by higher sales of Dream Water™ in Canada and the US and higher LivRelief™ sales in Canada of non-infused products.
- **Gross profit and gross profit margin:** The Company reported gross profit of \$0.70 million and a gross profit margin of 33% from continued operations in fiscal Q1 2022 as compared to \$0.54 million or 29% in fiscal Q1 2021. This increase results from operational improvements, cost alignment projects, and reduction in financial inventory write-downs.
- **Expenses including SG&A and excluding non-cash items:** The Company reported expenses from continuing operations of \$1.48 million in fiscal Q1 2022 as compared to \$2.34 million in fiscal Q1 2021, representing a 37% reduction. This decrease was driven by management's actions to reduce costs and overhead to improve profitability.
- **Adjusted EBITDA⁽¹⁾:** The Company reported Adjusted EBITDA from continued operations of \$(0.77) million in fiscal Q1 2022 compared to \$(1.60) million in fiscal Q1 2021, representing a \$0.83 million or 51% year over year improvement. This increase resulted from an increase in sales, margin improvements and reductions in SG&A and overheads.

Summary of Key Financial Results

	For the Period Ended September 30	
(\$000's, except share and per share amounts)	2021	2020
Continued operations:	\$	\$
Net revenue	2,130	1,907
Cost of sales	1,421	1,166
Inventory write-down	-	197
Gross profit	709	544
Total Expenses	2,173	3,534
Loss from Operations	(1,464)	(2,990)
Other (expense) income	10	(122)
Net loss from continued operations	(1,454)	(3,112)

To view an enhanced version of this graphic, please visit:
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Adjusted EBITDA (non-GAAP measures)

For the Period Ended September 30		
(\$000's, except share and per share amounts)	2021	2020
Loss from operations	(1,464)	(2,990)
Inventory write-down	-	197
Depreciation and amortization	537	798
Share-based compensation	149	392
Adjusted EBITDA(1)	(778)	(1,603)
<small>(1) Adjusted EBITDA is a non-GAAP measure defined as loss from operations before interest, taxes, depreciation and amortization adjusted for fair value items and other non-cash items, as reconciled in the Management's Discussion and</small>		

To view an enhanced version of this graphic, please visit:
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Expenses excluding non-cash items

For the Period Ended September 30		
(\$000's, except share and per share amounts)	2021	2020
Expenses excluding non-cash items		
General and administration	1,075	1,975
Sales and marketing	412	206
Severance and reorganization costs	—	163
Total	1,487	2,344

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Outlook

Management anticipates sales volumes, net revenues, and Adjusted EBITDA⁽¹⁾ to improve throughout the next quarter due to continued infused topical sales, expanded distribution coverage, product launch initiatives, branding initiatives, improvements in gross profit, and a continued focus on reducing overhead costs.

About Harvest One

Harvest One is a global cannabis-infused and non-infused CPG leader that develops and distributes premium health, wellness and selfcare products with a market focus on solutions for sleeplessness and pain, resulting in the reduction of fatigue and anxiety. Harvest One is a uniquely positioned company in the cannabis space which is commercializing both cannabis-infused and non-infused products. Harvest One has established an impressive track record in product innovation, branding, marketing and distribution through its portfolio of CPG brands. Harvest One owns and operates two subsidiaries; [Dream Water™ Global](#) and [LivRelief™](#). For more information, please visit www.harvestone.com.

Non-IFRS Measures, Reconciliation and Discussion

This press release contains references to "Adjusted EBITDA" which is a non-IFRS financial measure. Adjusted EBITDA is a measure of the Company's loss from operations before interest, taxes, depreciation, and amortization and adjusted for share-based compensation, common shares issued for

services, fair value effects of accounting for biological assets and inventories, asset impairment and write-downs, and other non-cash items, and is a non-IFRS measure.

This measure can be used to analyze and compare profitability among companies and industries, as it eliminates the effects of financing and capital expenditures. It is often used in valuation ratios and can be compared to enterprise value and revenue. This measure does not have any standardized meaning according to IFRS and, therefore, may not be comparable to similar measures presented by other companies.

There are no comparable IFRS financial measures presented in Harvest One's financial statements. Reconciliations of the supplemental non-IFRS measure are presented in the Company's Management Discussion and Analysis for September 30, 2021. This non-IFRS financial measure is presented because management has evaluated the financial results both including and excluding the adjusted items and believes that the non-IFRS financial measure presented provides additional perspective and insights when analyzing the core operating performance of the business. The Company believes that the supplemental measure provides information which is useful to shareholders and investors in understanding the Company's performance and may assist in the evaluation of the Company's business relative to that of its peers.

The non-IFRS financial measure should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with the IFRS financial measures presented in the Company's financial statements. For more information, please see "Adjusted EBITDA (non-IFRS measure)" and "Non-IFRS Measures" in the Company's management discussion and analysis for September 30, 2021, which is available under the Company's profile on www.sedar.com.

Notes:

1. This is a non-IFRS reporting measure. For a reconciliation of this measure to the nearest IFRS measure, see "Adjusted EBITDA (non-IFRS measure)" and "Non-IFRS Measures" in the Company's Management Discussion and Analysis for September 30, 2021.

Cautionary Note Regarding Forward-Looking Statements

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates, and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements include, among other things, statements with respect to negotiations of agreements leading to new customers, partners, products and channels for the Company, future increased revenues and sustainable success of the Company, future expansion plans, initiatives and strategies of the Company, and the Company's performance, growth initiatives, profitability, production capacity and gain in market share.

These forward-looking statements are based on reasonable assumptions and estimates of management of the Company at the time such statements were made. Actual future results may differ materially as forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to materially differ from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include: implications of the COVID-19 pandemic on the Company's operations; fluctuations in general macroeconomic conditions; fluctuations in securities markets; expectations regarding the size of the cannabis markets where the Company

operates; changing consumer habits; the ability of the Company to successfully achieve its business objectives; plans for expansion; political and social uncertainties; inability to obtain adequate insurance to cover risks and hazards; employee relations and the presence of laws and regulations that may impose restrictions on cultivation, production, distribution, and sale of cannabis and cannabis-related products in the markets where the Company operates. Although the forward-looking statements contained in this news release are based upon what management of the Company believes, or believed at the time, to be reasonable assumptions, the Company cannot assure shareholders that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended. Readers should not place undue reliance on the forward-looking statements and information contained in this news release. The Company assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

Additional information regarding this and other risks and uncertainties relating to the Company's business are contained under the heading "Risk Factors" in the Company's AIF, and under the heading "Risks and Uncertainties" in the Company's Management's Discussion and Analysis dated October 28, 2021, for the year ended June 30, 2021, filed under the Company's profile on SEDAR at www.sedar.com.

Neither TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accept responsibility for the adequacy or accuracy of this release.

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