

Golden Leaf Reports Fiscal Year 2018 Results

Reported Record Annual Revenue of US\$16.5 million

TORONTO, April 30, 2019 -- Golden Leaf Holdings Ltd. (CSE:GLH) (OTCQB:GLDFF) (“Golden Leaf” or the “Company”), a leading cannabis company built around recognized brands for the wellness and recreational markets, today announced financial results for the fiscal year ended December 31, 2018, and a general business update.

Recent Financial Highlights:

- Total revenue of US\$16.5 million for FY 2018, a 43% year-over-year increase compared to \$11.5 million for FY 2017. Total revenue figures include Royalties and Consulting Revenue.
- Record global product sales of US\$16.3 million for FY 2018, a 57% increase over FY 2017
- Comprehensive loss of US\$4.4 million compared with a comprehensive loss of US\$55.9 million for FY 2017
- The Company attracted net investment proceeds of US\$25.0 million
- 105% increase in cash balance to US\$12.3 million at year-end

2018 Milestones:

- Garnered several licenses to expand and solidify the Company’s strategic position:
 - License to open another Oregon dispensary
 - License to operate an extraction facility in Oregon
 - Cultivation license in Oregon
- Opened the Company’s seventh dispensary in Oregon
- Successfully introduced several new products:
 - Award-winning, high-quality, vegan chews in Oregon and Nevada, including a CBD-only chew
 - Concentrates in Nevada
- Garnered first harvest from the Company’s Canadian grow facility
- New leadership: experienced operator and brand-builder, William Kulczycki, joined the Company as CEO

Subsequent Events:

- Added management and oversight talent:
 - Appointed Karyn Barsa as the Company’s CFO in February 2019
 - Larry Martin joined the Company’s board of directors in March 2019
- Declined to pursue closing of two previously-disclosed transactions:
 - Terra Tech Corporation
 - Tahoe Hydroponics Company LLC
- Initiated significant efficiency measures to improve financial performance, including reducing headcount by 19%
- Scheduled the Annual General Meeting of shareholders at the offices of Cassels Brock and Blackwell LLP in Toronto, Canada for June 25, 2019

Mr. William Kulczycki, Chief Executive Officer of Golden Leaf Holdings, commented, “We closed out 2018 on a strong note with record global product sales of US\$16.3 million. Our results reflect the important steps we took to build long-term value in our business and develop a platform to capitalize on the developing legalization of cannabis in Canada. This included expanding our cultivation capabilities and wholesale brands, while also increasing our retail presence with a new store in Oregon.

“Looking forward, we remain focused on growing revenue by expanding our retail footprint, product array and cultivation presence throughout the U.S. and Canada. At the same time, we are committed to growing responsibly while improving our margin growth and EBITDA. Towards that end, we have taken several measures this year to increase efficiencies throughout our organization to lower costs, increase cash flow and improve our overall financial performance. With a differentiated brand portfolio and increased scope of operations, we are well positioned to benefit from the rapidly growing North American cannabis market,” said Mr. Kulczycki.

Fiscal Year 2018 Financial Results

For the year ended December 31, 2018 (“FY 2018”), total revenue was US\$16.5 million as compared to US\$11.5 million for the same twelve-month period in 2017 (“FY 2017”). The 43% year-over-year increase largely reflects initiation of flower sales from our Canadian operations and the addition of Chalice Farms stores in Oregon.

Gross profit was US\$2.2 million or 13.3% of total revenue for FY 2018, compared with US\$1.7 million or 15% of total revenue in FY 2017. FY 2018 gross margin decreased partially due to a reduction in the period gain from the fair value of biological assets as the Company’s biological assets matured, and due to absorption of additional production overhead as the Company brought new products to market.

Operating expenses were US\$23.1 million for FY 2018 compared with US\$11.7 million in FY 2017. Cash-based operating

expenses of US\$21.2 million in 2018 were 128% of total revenue, compared with US\$11.1 million in 2017 or 97% of total revenue. The increase in operating expenses was largely due to accounting for share based compensation, increases to sales and marketing expense, and overhead associated with the opening of an additional dispensary.

Adjusted EBITDA loss was US\$14.5 million for FY 2018, compared with a loss of US\$8.3 million for FY 2017. This non-GAAP measure was predominantly impacted by a negative change of US\$27.6 million to the fair value of the Company's debt and equity instruments in 2018, compared with a positive change of US\$20.0 million to the fair value of debt and equity instruments in 2017. Adjusted EBITDA is defined by the Company as earnings before interest, taxes, depreciation and amortization, non-cash compensation expenses, one-time transaction fees and other non-cash charges that include impairments. The Company considers Adjusted EBITDA an important operational measure for the business. For a reconciliation of Adjusted EBITDA to income (loss) before income taxes, please see the Company's management discussion and analysis for FY 2018 (the "MD&A").

Net loss for FY 2018 was US\$4.6 million or US\$0.01 per share, compared with a net loss of US\$55.9 million or \$0.21 per share for FY 2017. Net income for FY 2018 benefited from favorable changes in the fair value of warrant and debt liabilities.

The Company's annual financial statements for FY 2018 and related MD&A will be filed on SEDAR and available for review later today.

Investor Conference Call

Golden Leaf management, led by Mr. William Kulczycki, Chief Executive Officer, will hold a conference call at 4:30 ET on Wednesday, May 1, 2019, to report its financial results for the year ended December 31, 2018.

Dial-in information for the conference call is as follows:

Program Title: Golden Leaf Holdings 2018 Audited Financials Conference Call

Canada & US: 1-877-423-9813

International: 1-201-689-8573

Participants must request the 2018 Audited Financials Call.

A live audio webcast will be available online on the Company's website at www.goldenleafholdings.com where it will be archived for one year.

An audio replay of the conference call will be available through midnight May 15, 2019 by dialing 1-844-512-2921 from the US or Canada, or 1-412-317-6671 from international locations. The conference ID: 13690596.

To be added to the Golden Leaf email distribution list, please email GLH@kcsa.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 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 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. These risks include but are not limited to general business, economic and competitive uncertainties, regulatory risks, market risks, risks inherent in manufacturing and retail operations such as unforeseen costs and production shutdowns, difficulties in maintaining brand loyalty, 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.

GOLDEN LEAF HOLDINGS LTD.

Consolidated Statements of Operations and Comprehensive Loss

For the years ended December 31, 2018 and 2017

(Expressed in U.S. dollars)

	2018	2017
		(Restated, Note 31)
Revenues		
Product sales	\$ 16,347,558	\$ 10,411,232
Royalties	-	1,100,066
Consulting revenue	104,769	-
Total Revenue	\$ 16,452,327	\$ 11,511,298
Inventory expensed to cost of sales	13,326,640	9,535,602
Production costs	1,008,025	465,658
Gross margin, excluding fair value items	2,117,662	1,510,038
Fair value changes in biological assets included in inventory sold	227,731	-
(Gain) Loss on changes in fair value of biological assets	(301,335)	(198,000)
Gross profit	\$ 2,191,266	\$ 1,708,038
Expenses		
General and administration	14,430,986	8,610,318
Share based compensation	4,616,448	1,239,670
Professional fees paid with equity instruments	-	80,436
Sales and marketing	2,166,200	1,114,628
Depreciation and amortization	1,856,814	572,695
Impairment of long-lived assets	-	50,254
Total expenses	\$ 23,070,448	\$ 11,668,001
Loss before items noted below	\$ (20,879,182)	\$ (9,959,963)
Interest expense	2,221,914	1,960,120
Transaction costs	1,686,425	8,518,490
Loss on disposal of assets	5,000	470,071
Impairment of financing lease receivable	-	432,557
Impairment of purchase option	-	5,200,000
Other (income) loss	7,332,223	9,787,413
(Gain) Loss on change in fair value of warrant liabilities	(14,993,991)	7,714,578
(Gain) Loss on change in fair value of derivative liabilities	(61,044)	(334,834)
(Gain) Loss on change in fair value of convertible debentures	(12,582,178)	12,631,094
Loss before income taxes	(4,487,531)	(56,339,452)
Current income tax expense	82,811	143,230
Net loss	\$ (4,570,342)	\$ (56,482,682)
Other comprehensive loss		
Reversal of unrealized loss on available for sale purchase option, net of tax for impairment	\$ -	\$ 530,000

Items that will be reclassified subsequently to profit or loss:			
Cumulative translation adjustment		135,759	9,828
Comprehensive loss	\$	(4,434,583)	\$ (55,942,854)
Basic and diluted loss per share	\$	(0.01)	\$ (0.21)
Weighted average number of common shares outstanding		568,877,327	262,011,877

GOLDEN LEAF HOLDINGS LTD.

Consolidated Statements of Financial Position

As at December 31, 2018 and 2017

(Expressed in U.S. dollars)

	2018	2017
		(Restated, Note 31)
ASSETS		
CURRENT		
Cash	\$ 12,275,372	\$ 6,009,447
Accounts receivable	624,453	377,746
Other receivables	297,737	-
Income tax recoverable	686,600	432,000
Sales tax recoverable	661,319	442,832
Biological assets	74,148	90,627
Inventory	3,416,906	3,623,255
Prepaid expenses and deposits	1,962,033	348,176
Assets held for sale	35,274	305,274
Total current assets	\$ 20,033,842	\$ 11,629,357
Property, plant and equipment	6,188,835	5,956,910
Intangible assets	21,782,949	26,227,116
Goodwill	25,471,399	31,236,425
Total assets	\$ 73,477,025	\$ 75,049,808
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,624,967	\$ 2,867,735
Interest payable	92,554	48,524
Income taxes payable	106,808	-
Sales tax payable	231,675	-
Current portion of long-term debt	25,492	131,610
Current portion of convertible debentures carried at fair value	8,888,946	271,245
Warrant liability	369,343	-
Derivative liability	-	61,044
Total current liabilities	\$ 12,339,785	\$ 3,380,158
Long term debt	46,229	80,381
Note payable	312,118	389,916
Convertible debentures carried at fair value	4,996,811	30,360,225
Consideration payable	8,956,809	9,202,717
Warrant liability	236,138	14,300,616
Total liabilities	\$ 26,887,890	\$ 57,714,013
SHAREHOLDERS' EQUITY		
Share capital	\$ 138,511,038	\$ 108,552,681
Warrant reserve	4,052,164	5,083,561
Share option reserve	4,777,929	1,087,640

Contributed surplus	59,940	59,940
Accumulated other comprehensive loss	(125,930)	9,828
Deficit	(100,686,006)	(97,457,855)
Total shareholders' equity	46,589,135	17,335,795
Total liabilities and shareholders' equity	\$ 73,477,025	\$ 75,049,808

Adjusted EBITDA		
For the year ended December 31,		
	2018	2017 Restated
Income (loss) before income taxes	(4,487,531)	(56,339,452)
Adjustments:		
Net impact, fair value of biological assets	(73,604)	(198,000)
Depreciation and amortization	1,856,814	572,695
Fair value changes on debt and equity instruments	(27,637,213)	20,010,838
Share based compensation	4,616,448	1,239,670
Interest expense, net	2,221,914	1,960,120
Transaction costs	1,686,425	8,518,490
Impairments and other	7,332,223	15,419,970
Loss on disposal	5,000	470,071
Adjusted EBITDA	\$ (14,479,524)	\$ (8,345,598)

Adjusted EBITDA Disclaimer: Adjusted EBITDA is defined by the Company as earnings before interest, taxes, depreciation, amortization, non-cash compensation expenses, one-time transaction costs and other non-cash charges that include impairments. Adjusted EBITDA is a non-GAAP financial measure which does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. The Company considers this Adjusted EBITDA an important figure to show the true day to day operational picture of the business. It should not be considered in isolation as a substitute for measures of performance prepared in accordance with the IFRS.