Harvest One and its Brands LivRelief™ and Dream Water ™ Report Positive Q4 2021 and Year End Financial Results

Strategic transformation to a uniquely positioned health and wellness company that provides top selling brands to the global marketplace

Improved net revenue by 2.2% growth year over year despite aggressive COVID travel restrictions

Improved gross profit, 24% in fiscal 2021 vs. 9% in fiscal 2020

Lowered selling, general and administrative ("SG&A") expenses by 28% year over year

Improved adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA")(1) by 33% year over year

Improved financial position with the reduction of current liabilities by 62%

LivRelief™ infused topical is the top selling cannabis-infused topical in the Ontario market

Innovation excellence with the launch of Dream Water ™ sleep aid gummies in the U.S.

October 28, 2021 – Vancouver, British Columbia – Harvest One Cannabis Inc. **("Harvest One"** or the **"Company") (TSX-V: HVT; OTCQB: HRVOF)**, 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 Q4 financial and operating results for the three and twelve months ended June 30, 2021.

Management Commentary

"Our year-end financial results clearly illustrate that the Company is continuing to increase its revenues and significantly reduce operating and overhead expenditures to achieve profitability," said Gord Davey, President and Chief Executive Officer of Harvest One. "This past year has been challenging to say the least. We have focussed on reducing our costs and overheads to improve our financial position. In parallel, we have been relentless in a very restricted COVID and travel environment in attaining new customers, distribution partners, products, and channels that are expected to increase our revenues and set the Company up for future sustainable success. Management's efforts to uniquely position Harvest One as a hybrid cannabis-infused and non-infused CPG leader that develops and distributes innovative health, wellness, and selfcare products are resonating with consumers and generating improved profit margins. During our next fiscal year, we expect to continue to increase our revenues from recently negotiated distribution agreements and the introduction of new products in international markets."

Key Highlights

Equity financing and improved financial position and liquidity

On March 17, 2021, the Company successfully closed a $5.75 million bought-deal public offering (the "**Bought-Deal Financing**") with Mackie Research Capital Corporation, as sole bookrunner, and ATB Capital Markets Inc., as the co-lead underwriters. The recent closing of this upsized Bought-Deal Financing significantly improved the working capital position of the Company and its ability to invest in branding and marketing activities.

Completion of the Strategic Review

On March 29, 2021, the Company announced the conclusion of its strategic review process (the "**Strategic Review**"). Key achievements of the Strategic Review include:

- Asset light and streamlined business model: The Company has been repositioned from a cultivation and processing entity to a lean, non-capital-intensive cannabis-infused and non-infused CPG operation focusing on innovation, sales, marketing, and distribution channels.
- Improved financial position and liquidity: The recent closing of an upsized Bought-Deal Financing significantly improved the working capital position of the Company and its ability to invest in branding and marketing activities.
- Improved cost structure: A significant reduction in operating and overhead costs, created a leaner, more efficient organization.
- Corporate Structure: Significant changes to the Company's management team and leadership model created a flatter corporate structure with a strong CPG-focused management team.

Expanded distribution and supply agreements that will drive future growth

a) *International Expansion for Dream Water ™ Products:* On June 10, 2021, the Company announced that agreements were reached with five major national key account partners in Virginia, Arizona, Massachusetts, North Carolina and Montana for expansion in the U.S. market, further contributing to Harvest One's growth and brand expansion initiatives strategy for 2021.
b) *Distribution in the Caribbean, Central America, and Cruise/Travel Retail*
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 aligns the Company's growth strategies for its core brands, and further contributes to the Company's growth and brand expansion initiatives for 2022.

Product development and licensing

a) *Launch of LivRelief™ extra strength transdermal CBD cream*

On May 13, 2021, the Company announced its new LivRelief™ product SKU, Extra Strength Transdermal CBD Cream, which launched on the Medical Cannabis by Shoppers™ platform in June 2021 as part of its strategic growth and brand expansion initiatives.

b) *Licence agreement with The Valens Company*
On July 28, 2021, the Company announced that its wholly-owned subsidiary, Delivra Inc., had 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 advance the manufacturing of LivRelief™ branded topicals and its future extensions.

c) *Launch of Dream Water™ Sleep Gummies*
On August 25, 2021, the Company announced that its Dream Water™ brand launched a new line for 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 of $7.96 million in fiscal 2021 compared to $7.78 million in fiscal 2020 from continued operations. This year over year 2.2% increase in net revenue is driven by the Company's best selling *LivRelief*™ infused topical during the year.

- **Gross profit:** The Company reported gross profit of $1.91 million or 24% compared to $0.72 million or 9% from continued operations. This increase is attributed to 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 of $8.97 million in fiscal 2021 compared to $12.47 million in fiscal 2020, representing a 28% reduction for the year from continued operations. This decrease is driven by the management's efforts to reduce costs and overhead to achieve profitability in light of the Strategic Review.

- **Adjusted EBITDA(1):** The Company reported Adjusted EBITDA $(6.06) million in fiscal 2021 compared to $(9.06) million in fiscal 2020, representing a $3 million or 33% year over year improvement from continued operations. This increase is driven by margin improvements and reductions in SG&A and overheads.

Subsequent to Quarter End

On July 26, 2021, the Company announced that it engaged an arm's length service provider, Jonathan Carroll (the "Consultant") to provide strategic advisory and consulting services to the Company (the "Consulting Services") for a 24-month period. As partial consideration for the Consulting Services, the Company will grant an aggregate of 1,500,000 warrants (the "Warrants") to purchase common shares of the Company (the "Common Shares") to the Consultant in accordance with the provisions of the consulting agreement. On September 27, 2021, the Company issued 300,000 Warrants of the total grant of 1,500,000 Warrants.

In September 2021, the Company received payment in Common Shares for all amounts due from the Cann Group Limited ("**Cann Group**") in relation to the closing of the transaction announced by the Company on March 10, 2021, whereby the Company sold its wholly-owned subsidiaries Satipharm Limited, Satipharm AG and Phytotech Therapeutics Ltd. to the Cann Group.

Summary of Key Financial Results

	For the Year Ended June 30	
($000's, except share and per share amounts)	**2021**	**2020**
Continued operations:	**$**	**$**
Net revenue	7,956	7,782
Cost of sales	5,048	6,258
Inventory write-down	989	800
Gross profit	1,919	724
General and administration	7,308	10,396
Asset impairment and write-downs	12,112	41,123
Other costs	4,458	6,437
Total Expenses	23,878	57,956
Loss from Operations	(21,959)	(57,232)
Other (expense) income	(713)	(1,503)
Net loss from continued operations	**(22,672)**	**(58,735)**

Adjusted EBITDA (non-GAAP measures)

	For the Year Ended June 30	
($000's, except share and per share amounts)	**2021**	**2020**
Loss from operations	(21,959)	(57,232)
Inventory write-down	989	800
Asset impairment and write-downs	12,112	41,123
Fair value adjustment in cost of sales	-	1,409
Depreciation and amortization	2,216	2,340
Share-based compensation	577	2,022
Issuance of common shares for services	-	471
Adjusted EBITDA(1)	(6,065)	(9,067)

(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 Analysis for fiscal 2021.

Expenses exluding non-cash items

	For the Year Ended June 30	
($000's, except share and per share amounts)	**2021**	2020
Expenses excluding non-cash items		
General and administration	**7,308**	10,396
Sales and marketing	**1,006**	1,479
Acquisition costs	—	23
Research and development	**72**	179
Severance and reorganization costs	**587**	394
Total	**8,973**	**12,471**

Outlook

Management anticipates sales volumes, net revenues, and Adjusted EBITDA[(1)] to improve throughout the next fiscal year due to a full year of infused topical sales, expanded distribution coverage, 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 June 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 June 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 June 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 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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