

# National Access Cannabis Generates \$3.8 million in Revenue in Q1 2019, +766% Compared to Q1 2018

- 17 retail cannabis stores open at the end of Q1-2019 (November 30, 2018); 32% gross margin on retail cannabis products.
- The Company [announced on January 10, 2019](#), that it had generated over \$10 million in cumulative sales since October 17, 2018 at an average gross margin of over 32%.
- With 22 stores currently open in Alberta and Manitoba and an executed agreement to purchase a store in Saskatchewan<sup>1</sup>, NAC is larger by store count than any private or public cannabis retailer in Canada, according to provincial licensing statistics.

TORONTO, Jan. 28, 2019 /CNW/ - National Access Cannabis Corp. ("NAC" or the "Company") (TSXV: META), a best practices leader in delivering secure, safe and responsible access to legal cannabis in Canada, today announced its results, for the first quarter ended November 30, 2018. All amounts are expressed in Canadian dollars unless otherwise indicated.

"2019 will be a foundational year for National Access Cannabis as the Company continues to scale its retail cannabis footprint across the country, locking-in a long-term competitive advantage for shareholders," said Mark Goliger, CEO of NAC. "The financial power of the platform we are building is only just beginning to show as we continue to build on our current platform of 22 stores. We are very proud of our team for the strong sales results generated in the early days of Canadian recreational legalization, and are well-positioned to generate additional growth and value for shareholders as we continue to open new stores in the coming year and as existing stores mature."

*This press release should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the three-month period ended November 30, 2018 and the related management discussion and analysis, as well as the Company's audited consolidated financial statements for the year ended August 31, 2018 and the related annual management discussion and analysis.*

## Select Operating Highlights

- The Company currently has 14 NewLeaf locations open in the province of Alberta and 8 META locations open in Manitoba.
- Subsequent to the end of the quarter, the Company entered into a share purchase agreement with the shareholders of New Leaf Emporium, which will enable NAC to expand into Saskatchewan through an operating Moose Jaw location, and an e-commerce license<sup>1</sup>.
- Acquired all of NAC Alberta Inc.'s minority interest in NAC Northern Alberta GP and NAC Northern Alberta Limited Partnership, giving NAC 100% ownership of various leaseholds, rights to operate retail locations in Northern Alberta.
- Completed a Special Warrant Financing for aggregate gross proceeds to the Company of \$21,150,000.
- Closed a private placement offering for total proceeds of \$20 million. The closing was the first of three tranches whereby four Licensed Producers, Aphria Inc., CannTrust Inc., VIVO Cannabis Inc. and Zenabis Ltd. subscribed, in aggregate, for up to \$55 million in Common Shares in three tranches, subject to certain terms and conditions, including the achievement of future retail expansion milestones.
- Signed pharmacy cannabis program agreements with 70 pharmacies in Canada that will be participating in the National Access Cannabis Medical ("NACM") Medical Cannabis Management System, bringing the total number of pharmacies to 115 at November 30, 2018. The Company

currently has 144 pharmacies signed.

- Executed an option amending agreement pursuant to which the Company acquired all of the remaining issued and outstanding shares of the Green Company Ltd. ("NewLeaf") not already owned by NAC. The Company intends to continue to open additional cannabis retail locations in Alberta under the NewLeaf Cannabis™ banner.

<sup>1</sup> Subject to the close of the acquisition of New Leaf Emporium and regulatory approval the acquisition

## Select Financial Highlights – Q1-2019

- Revenue for the quarter was \$3,787,228 representing a 765.9% increase over the same period last year of \$437,352.
- Gross profit for the quarter was \$1,447,921 compared to \$260,936 in the same period in the prior year.
- Net comprehensive loss for the three months ended November 30, 2018 was \$7,876,151 or \$0.04 per share compared to a net comprehensive loss of \$1,344,068 or \$0.01 per share for the period year period.
- Adjusted EBITDA<sup>2</sup> of (4,775,179) as compared to Adjusted EBITDA of (1,162,298) in the prior year period.
- Cash and cash equivalents of \$14,420,362 as compared to \$23,496,232 at August 31, 2018.

## Financial Measures

There are measures included in this news release that do not have a standardized meaning under generally accepted accounting principles (GAAP) and therefore may not be comparable to similarly titled measures and metrics presented by other publicly traded companies. The Company includes these measures because it believes certain investors use these measures and metrics as a means of assessing financial performance. EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies.

<sup>2</sup> See Adjusted EBITDA section of this press release

## Adjusted EBITDA

\$	Three Months Ended	
	30-Nov-18	30-Nov-17
Net loss and comprehensive loss for the year/period	(7,876,151)	(1,344,069)
Interest on short-term debt	568,493	-
Commitment fee	1,642,857	-
Accretion expense	48,931	-
Amortization of property and equipment	123,851	89,409
Amortization of intangible assets	419,133	-
Share based compensation	297,707	92,362
Adjusted EBITDA	(4,775,179)	(1,162,298)

Management defines Adjusted EBITDA as the net loss from operations, as reported, before interest, tax, and adjusted by removing non-cash items, including the stock-based compensation expense, depreciation, and further adjusted to remove acquisition related costs. Management believes Adjusted EBITDA is a useful financial metric to assess its operating performance on a cash adjusted basis before the impact of non-cash items and acquisition related costs. Adjusted EBITDA is a non-GAAP financial measure that does not have any standardized meaning under the issuer's GAAP and therefore may not be comparable to similar measures presented by other issuers.

## **NAC Grants Stock Options to Officer of the Company**

The Company has granted stock options to purchase an aggregate of 120,000 common shares of the Company to an officer of NAC. The stock options have an exercise price of \$0.61 per common share and expire five years from the date of grant. One-eighth of the options granted will vest on April 21, 2019, with the remaining options granted vesting over the course of seven installments, each installment vesting every three months following the date of grant.

### **About National Access Cannabis Corp.**

NAC is a best practices leader in delivering secure, safe, and responsible access to legal cannabis in Canada. Through its Canada-wide network of medical cannabis clinics, partner pharmacies, NAC Bio's clinical research division, Meta Cannabis Supply Co.™ and NewLeaf Cannabis™ recreational cannabis retail stores, NAC enables patients and the public to gain knowledge and access to Canada's network of authorized Licensed Producers of cannabis. NAC is listed on the TSX Venture Exchange under the symbol (TSXV: META).

### **For more information, visit:**

[www.nationalaccesscannabis.com](http://www.nationalaccesscannabis.com)

[www.metacannabis.com](http://www.metacannabis.com)

[www.newleafcannabis.ca](http://www.newleafcannabis.ca)

[www.nacbio.com](http://www.nacbio.com)

[www.nacmedical.com](http://www.nacmedical.com)

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

### **Cautionary Statements**

This news release contains forward looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward looking statements or information. Forward-looking statements and information in this news release includes, but is not limited to, the planned opening of cannabis retail stores and the planned opening dates of same, the locations of cannabis retail stores, the launch of an online cannabis retail store in Manitoba, and NAC's plans to establish retail cannabis distribution networks in Canada. Although the Company believes that the expectations and assumptions on which the forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company cannot give any assurance that they will prove to be correct. Since forward looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results and developments may differ materially from those that are currently contemplated by these statements depending on, among other things, risks relating to the ability to obtain or maintain licenses to retail cannabis products; future legislative and regulatory developments involving cannabis; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the labour market generally and the ability to access, hire and retain employees; and the medical and retail cannabis industry in Canada generally. The Company cautions that the foregoing list of risks and uncertainties is not exhaustive.

The forward-looking statements and information contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statement or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

SOURCE National Access Cannabis Corp.

View original content: <http://www.newswire.ca/en/releases/archive/January2019/28/c7106.html>

%SEDAR: 00037958E

**For further information:** National Access Cannabis: Mark Goliger, Chief Executive Officer, National Access Cannabis, Tel : 647-689-6382, [corporate@nationalaccesscannabis.com](mailto:corporate@nationalaccesscannabis.com); Investor Relations: Emily Gibbs, LodeRock Advisors Inc., Tel: 416-546-8775, [emily.gibbs@loderockadvisors.com](mailto:emily.gibbs@loderockadvisors.com); Media Inquiries: Jessica Patriquin, Tel : 416-640-5525 x 230, Cell : 416-995-8496, [jessicap@wearemaverick.com](mailto:jessicap@wearemaverick.com)

CO: National Access Cannabis Corp.

CNW 17:55e 28-JAN-19